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Pensions & Investment Age

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Two plans profit from sale of building

By Steve Hemmerick

The California Employees' and Ohio State Teachers' retirement systems sold the United States Steel Corp. building last month for $315 million, $55 million more than they paid for it two years ago.

Officials for the California fund, which owned 80% of the building, and for the Ohio fund, which owned 20%, said they are pleased with the sale to Integrated Resources Inc., a New York City-based real estate syndicator.

They attributed the sharp increase in value to the shortage of prestige office buildings.

Several real estate investors have called the 64-story building the "premier" building in Pittsburgh.

Jim Smith, investment officer for the California fund, mimicking a line from the movie "The Godfather," said of the sale price, "It was an offer we just couldn't refuse."

The building's sale was especially welcome to officials of the $24 billion California employees' fund. At the time of its purchase, some critics said California invested too much money for an individual purchase outside the state.

The two retirement funds paid $260 million for the building in September of 1982. Mr. Smith said $55 million "profit" was made on the sale, $40 million of that going to the California fund.

The funds divided the purchase price to reduce the size of the individual investments. That division cut the risk but still allowed them to purchase what is called a "trophy" building in real estate circles because of the price and quality or uniqueness of the building.

Still, it was the most expensive building in California's estimated $1 billion equity real estate portfolio.

While some pension funds still avoid real estate, others have been investors only since about 1979, on the promise that real estate is a hedge against inflation and will show substantial appreciation in value over the years.

That substantial appreciation for the U.S. Steel building came early, and Mr. Smith said it was not what he would call an everyday or "normal" transaction.

But, he added, "It's difficult to turn down $55 million in profit in two years. It was a fabulous deal for the retirement system and fabulous for its beneficiaries."

Claude Ballard, formerly director of the Prudential Property Investment Separate Accounts and now a partner with Goldman, Sachs & Co., agreed, saying, "It was a heck of a good deal when they bought it. It's a fine building in a fine location. Pittsburgh is not a smokestack town as some people think it is, but as good as any area in the U.S. I'll bet the buyers will have good luck with it, too."

Jim Grothaus, director of the $6.5 billion Ohio State Teachers' Retirement System, said the sale of the building provided an "excellent return."

One investor for a Northwest public fund said of the sale, "In a fairly poor real estate market, that is a good deal."

Looking back on the purchase, Mel Rubin, a trustee with the California system, said the building offered an "outstanding opportunity and we took advantage of it." But he said trustees thought about it a long time before making the deal.

Mr. Smith agreed. He said that at the time of the purchase, California hadn't been investing long in real estate, and buying the majority interest in a $260 million building did give him some fear.

Real estate

F.I.A. Associates, Sacramento, one of the California fund's real estate advisers, presented the U.S. Steel building offer to the trustees after examining the deal. Another six weeks or so were spent on leg work by Mr. Smith's office, confirming all that F.I.A. had found.

The California trustees then decided to go ahead with the deal. Trustees for the Ohio fund followed suit.

It was doubtful, said Mr. Grothaus, that the Ohio fund would have purchased much more than 20% because of a "guideline" for the fund that limits any individual real estate purchase to 1% of total assets.

Almost immediately after the purchase, however, offers came in for the building from buyers who had been interested, said Mr. Smith.

"We had about a half-dozen offers, and we told them to put a package together and present it to us," he said.

"There is a shortage of trophy properties because so many people want to buy them."

Officials of Integrated Resources were among the interested buyers. Dick Ader, senior executive vice president at Integrated, said his firm is "syndicating" the building to a limited partnership, 600 Grant St. Associates. He said he believes the partnership is made up wholly of individual investors.

Mr. Ader declinded to comment further on the purchase, saying Securities and Exchange Commission rules prevent him from doing so while the building is in syndication. There was speculation Integrated found the building attractive because the limited partnership would be able to take advantage of tax write-offs.

But Mr. Smith said he believes Integrated was interested in the quality of the building itself, and its tenant mix. U.S. Steel Corp., for example, still has a large number of offices in the building and an extended lease, and Rockwell International is a tenant.

The building, said Mr. Smith, is about 98% leased, and before the sale, he had estimated it would provide the California fund a 16.62% internal rate of return over 15 years.

There have been other offers for a number of buildings in California's portfolio, said Mr. Smith. He said he is interested in looking at other high-priced buildings. ■

Equitable to continue expansion

By Marci Baker

NEW YORK — Equitable Life Assurance Society of the United States, which last week agreed to acquire Donaldson, Lufkin & Jenrette and DLJ's investment management arm, Alliance Capital Management Corp., plans to buy more investment management firms.

According to Leo Walsh Jr., Equitable's executive vice president and chief investment officer, the insurer's plan calls for continued growth of its money management activities, in part through acquisition.

"Owning a few asset management operations is something we would like to see at Equitable," said Mr. Walsh.

The insurer, however, has no set plans on how many or what types of firms it would like to bring under its wing. Moreover, it is unlikely further acquisitions will come in the near future.

Equitable's acquisition plans follow a trend in the industry that shows no signs of abating.

Such moves by larger financial institutions provide a method for

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Late news

GM purchases zeros

NEW YORK — The $20 billion General Motors Corp.'s pension fund reportedly invested $2 billion (discounted value) in zero-coupon bonds and is expected to buy more.

This purchase is apparently part of the automaker's previously reported decision to bring in-house some of its investment.

Gordon Binns, chief investment funds officer, declined comment on specific transactions or strategy.

"We have moved money in-house. This is not a secret," Mr. Binns said.

GM started by bringing in-house some assets for salaried employees and has started on hourly employees' assets, he said.

Plan hires for realty

HARTFORD, Conn. — The $3 billion State of Connecticut Retire-

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Steelmaker seeks to tap fund again

By Joel Chernoff

PITTSBURGH — Wheeling-Pittsburgh Steel Corp. again is turning to its pension fund as a tool in the company's struggle for survival.

Trying to outlast an economy that has, at times, been hostile to its industry, the troubled steelmaker's latest move is to apply for a partial funding waiver of $29.5 million in pension payments.

The request for a partial funding waiver is just one of a series of dealings the nation's seventh largest steel company has had with its underfunded pension fund since 1982. They include:

• A full waiver of its 1982 pension liability of $50.7 million, which the Internal Revenue Service approved.

• Creation of a substantial dedicated bond portfolio in April 1982.

• A contribution of non-convertible preferred stock to the pension fund, in lieu of cash, later in 1982.

Separately, Wheeling-Pittsburgh now is contemplating offering its unionized employees up to $50 million in a new preferred stock issue in exchange for not restoring wages and benefits that had been trimmed temporarily under a labor contract.

A December 1982 agreement

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Vote called asset

Editor's note: This post-election wrap-up was compiled from reports by Barry B. Burr, Rose Darby, Richard J. Gillespie, Mark Westerbeck and Fred Williams.

President Reagan's landslide reelection was positive for financial assets, pension executives and money managers agree, but its short-run effect will be limited because it already had been discounted in the market.

(The election's effect on employee benefit plans won't be felt for several weeks, when tax-reform proposals and congressional

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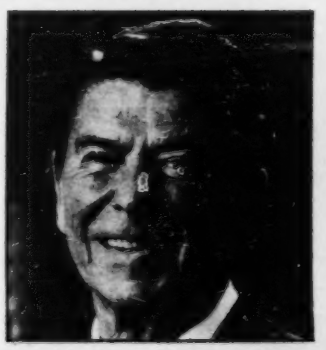

President Reagan

Hopes to eliminate unfunded liability by 1986

Teamsters sells stock to buy bonds

By Barry B. Burr

SEATTLE — The Teamsters, Western Conference is dedicating most of the rest of its $5.1 billion fund to eliminate its pension plan's unfunded liability by 1986 and to move toward a defined contribution plan.

In the latest move, the Teamsters sold its $857 million in common stocks and $674 million in short-term investments to buy $1.5 billion in bonds.

The fund's remaining assets are in real estate. It has $632 million in Prudential's PRISA and PRISA 2 and $121 million in Prudential's MORISA mortgage pool.

For now, these assets will remain the only ones not dedicated, said Neal McNamara, with Pillsbury Madison & Sutro of San Francisco, the fund attorney. He said the fund will liquidate the realty accounts over three to five years, putting the assets in the dedication.

The bond purchases were made in mid-October by Prudential Insurance Co. of America to set up a dedicated portfolio.

Mr. McNamara said the dedication hasn't been set up yet. He said Prudential promised an annual return of at least 12%. Industry observers said the $1.5 billion would be the largest dedication by any pension plan.

The fund already has the bulk of its assets dedicated to paying off liabilities. As of Sept. 30, it had $2.8 billion in dedicated assets. With the latest bond purchases, the fund has $4.3 billion in dedicated assets, all managed by Prudential.

By selling its stocks, the Teamsters fund dropped its two other investment managers, Aetna Life & Casualty Co., Hartford, Conn., and Equitable Life Assurance Society of the United States, New York.

Aetna ran $188.8 million and Equitable, $168.4 million, according to the Sept. 30 data.

In 1983, the Teamsters paid the two management fees of, respectively, $353,862 and $361,809, said Joseph R. Bonanno, vice president-client services at Prudential Asset Management Co., Westlake, Calif., who is authorized to speak for the fund.

Prudential ran the other $500 million in equities.

The Teamster move restores Prudential as the sole manager of the fund, a position it enjoyed from the fund's inception in 1955 until 1982, when the Teamsters hired Aetna and Equitable.

In 1983, Prudential was paid 0.23% of the fund's assets under its management, or $11.5 million, in fees from the Teamsters, Mr. Bonanno said.

The fund has no internal staff overseeing investments or investment policy; its 14 employer and 14 union trustees rely on Prudential, in addition to the fund's actuary, Dan McGinn & Associates Inc.; consultant, Anthony F. Hovey; and counsel, Pillsbury Madison & Sutro.

Mr. McNamara said the dedications, by providing a more certain investment return, will allow the fund to boost its actuarial assumed rate of return and "reduce to zero" the unfunded pension liability by 1986.

The fund uses an assumed rate of return of 10% on the dedicated assets. After the latest dedication, the new rate will rise to perhaps more than 12%, he said.

On a terminated basis, Mr. McNamara said, the plan has $2.2 billion in unfunded vested and non-vested liabilities. That unfunded liability has grown sharply in recent years. The latest Teamsters report for Dec. 31, 1982, showed the plan had assets of $4.2 billion and liabilities of $5.1 billion, meaning about $900,000 was unfunded.

He said the reason for the move to bonds was to eliminate the plan's unfunded status and thus the withdrawal liability each of the fund's 13,000 employers has to pay upon quitting the plan.

A 1980 pension law requires employers quitting such multiemployer pension plans to pay a share of the unfunded liability.

Mr. McNamara said the threat of the withdrawal liability made employers reluctant to join the plan or increase its benefits.

"It's a constant source of litigation and arbitration," he said.

In addition, "We have noticed a

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Maureen M. Culhane

Allis-Chalmers sets dedicated portfolio

By Barry B. Burr

MILWAUKEE — Allis-Chalmers Corp., looking for a way to improve its pension financing, placed almost 40% of its $295 million pension fund in a dedicated bond portfolio.

Maureen M. Culhane, assistant treasurer, said the dedication's yield, as calculated by its internal rate of return or yield to maturity, is 14.66%.

She said the dedication's high yield will enable the corporation to cut its annual contributions to the pension fund "by a significant amount," and reduce its unfunded pension liability, now about $250 million. She would not be more specific.

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Pension fund revamps lineup

By Marci Baker

PEORIA, Ill. — The Central Illinois Light Co. has revamped its $85 million pension fund, hiring four managers in a move to a multiple-manager, specialty lineup from a single-manager balanced structure.

Wendell Barton, treasurer, said the changes stem from a desire to diversify the fund's assets as well as enhance overall investment return.

Fidelity Management Trust Co., Boston, and Kemper Financial Services, Chicago, have been hired to handle a 50% equity commitment for the fund.

Security Pacific Investment Managers Inc., Los Angeles, was selected as the only bond manager, running 40% of the fund's assets.

The remaining 10% of the fund will go toward its first equity real estate commitment with TCW Realty Advisors, Los Angeles.

The four managers replace Bankers Trust Co., previously Central Illinois' only investment manager. Bankers continues as master trustee.

The restructuring has been in the works since the first of this year, when Central Illinois launched a review of the fund's overall policy and objectives with its consultant A.S. Hansen, Chicago.

"Because of the size of the fund, we decided we ought to move to a more specialized manager structure," Mr. Barton said. "We felt that, under ERISA, we had an obligation to diversify."

Although the treasurer declined to provide returns on the fund, he

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Late news

Continued from page 1

ment System has hired conditionally four more closed-end real estate managers.

The most recent additions, which bring to 10 the number working for Connecticut, are State Street Bank and Trust, Boston, $30 million; JMB Institutional Realty, Chicago, $30 million; John McMahan Associates, San Francisco, $10 million; and Heitman Advisory Corp., Chicago, $30 million.

State Treasurer Henry Parker said the selections are tentative; allocations and other details are subject to final contract negotiations.

Balch, Hardy hired

BALTIMORE — The $800 million Baltimore Employees Retirement System has hired Balch, Hardy & Scheinman Inc., New York, to begin a covered call option writing program.

The options will be written on a $60 million equity portfolio managed for the Baltimore fund by Pioneering Management Corp., Boston, said Ernest J. Glinka, fund administrator. He expects the program will provide incremental return and lower volatility.

Evaluation Associates Inc., Westport, Conn., was the consultant.

Independence added

BOSTON — The $2.5 billion Massachusetts State Employees & Teachers Retirement System hired Independence Investment Associates Inc., a unit of John Hancock Mutual Life Insurance Co., Boston, to run $25 million in an equity account, said Alan West, the fund's chief investment officer.

The public fund hired its first outside equity managers in August, picking five Boston-based firms to manage $125 million in assets. The fund kept its search in state.

Gingery quits National

LOUISVILLE — Donald W. Gingery, manager of pension fund administration at National Steel Corp., is leaving to join the Louisville office of William M. Mercer-Meidinger Inc.'s Asset Planning Services as director of investment-manager research, the consulting firm said. He replaces Caroline Cummings.

Brian Rom is leaving Peat Marwick Mitchell & Co., New York, as senior manager to join Meidinger Asset Planning's New York office as senior consultant. Wayne Morris was hired as senior consultant in the Dallas office.

University appoints

AUSTIN, Texas — Michael E. Patrick has been named executive vice chancellor for asset management at the University of Texas.

In the position, Mr. Patrick is responsible for investment of the $2.1 billion in the Permanent University Fund, and oversees holdings in land and bonds. He had been corporate treasurer since 1980 with Superior Oil Co., Houston.

Rumors squelched

NEW YORK — Tony Forstmann dispelled widespread rumors last week that Forstmann-Leff Associates had sold a 45% to 50% interest in the firm to Aitkin Hume International, the London financial services outfit. The rumored price tag was $40 million.

The report is "absolutely incorrect," said Mr. Forstmann, managing partner. "We are not for sale."

Fed proposal on fees

WASHINGTON — The Federal Reserve Board has proposed the introduction of a two-tier fee schedule for the collection of certain checks.

Under the plan, the Federal Reserve would charge more for checks where collection costs are higher, usually at low-volume end points. The Fed now charges the same fee for all checks drawn on institutions within the same availability zone. Low unit-cost end points typically are large institutions or smaller institutions that have their checks delivered to processors that either receive large volumes of checks or are located near the Federal Reserve.

Hospital hires 2 firms

ARLINGTON HEIGHTS, Ill. — Northwest Community Hospital reshuffled nearly 70% of its $12 million pension fund, ending Travelers Insurance Co.'s stint as sole money manager.

Richard A. Zeiler, vice president-finance, said the fund hired Kemper Financial Services Inc., Chicago, to run $7 million in equities, and Security Capital Real Estate Corp., New York, to manage $1.8 million in commingled real estate.

PIPER

The statistical data is extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation service published by Pensions & Investment Age. PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.

Long maturities sure play in bonds

By Barry B. Burr

Fixed-income managers taking the position that interest rates had peaked turned in the best performance in the third quarter, according to Pensions & Investments' Performance Evaluation Report.

The position meant buying bonds with long maturities, the types subject in general to the most price appreciation as interest rates fell, top PIPER performers said.

But most fixed-income managers surveyed failed to beat the market benchmark.

For the quarter ended Sept. 30, Allied Bank of Texas, Houston, was the top performer. Its $8 million fixed-income portfolio returned 13.8%, compared with the Shearson-Lehman Government/Corporate bond index return of 8.3%.

But credit for the performance goes to Criterion Investment Management Co., Houston, which runs the portfolio for Allied.

At Criterion, Charles Miller, president, said, "The reason for our success in the quarter is we made a good interest rate forecast. That's the key to success for any fixed-income management.

"It was a very long-term portfolio, probably an estimated maturity of 18 years, which is why it did so well in the rally."

The second-best performer was First Interstate Investment Advisers, Las Vegas. It returned 13.7%.

At First Interstate, Robert M. Lee, president, said, "We were all in long bonds for most of the quarter."

"We really didn't do any trading at all for the quarter. We just sat and watched."

Manufacturers Life Insurance Co., Toronto, ranked third, reporting 13% on a bond portfolio composed of U.S. securities.

Following closely were the portfolios of American National Bank and Trust Co., St. Paul, Minn., with 12.7%; Centerre Trust Co. of St. Louis, 12.2%; Seattle-First National Bank, 11.9%; Travelers Investment Management Co., Hartford, Conn., also 11.9%; First Chicago Investment Advisors, 11.8%; and Fidelity Union Bank, Newark, N.J. (whose name has been changed to First Fidelity Bank), 11.6%.

PIPER reports each quarter the returns of commingled bond portfolios of large banks and insurance companies as compiled by Rogers Casey & Barksdale Inc., a consultant based in Stamford, Conn.

Despite some exceptional performers, most fixed-income portfolios failed to at least perform in the quarter as well as the Shearson-Lehman benchmark.

Of the 246 managers surveyed, just 75 beat or equaled the index. For the quarter, the PIPER median manager returned 7.3%.

For longer periods, all ended Sept. 30, most managers reported similar below-average performance.

For 12 months, just 111 of 243 bond managers surveyed at least equaled the Shearson benchmark of 8.5%. The median return for the year was 8.3%.

For three years, only 59 of 172 managers matched or beat the Shearson annualized return of 18.7%. The median annualized return was 17.2%.

For five years, just 92 of 218 bond managers equaled or bettered the Shearson annualized return of 10.2%. The median annualized return among the managers for the period was 9.9%.

For 10 years, a bare majority of the bond managers surveyed, 82 of 163, beat or equaled the Shearson annualized return of 9.4%. The median annualized return among the managers was also 9.4%.

The number of managers surveyed for each period differs because some began running their bond portfolios more recently.

The top performing bond portfo-

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Top quartile bond funds 19
Top bond funds by size 20

August no dog day for equity leaders

By Rose Darby

Commingled equity funds most able to maximize the dramatic August run-up in the stock market were the ones that emerged as top performers for the quarter and year ended Sept. 30, according to the most recent PIPER figures.

For the quarter, Planters National Bank & Trust Co., in Rocky Mount, N.C., was the clear leader with a time-weighted total return of 20.4% on its $4.5 million Common Fund Trust B.

By contrast, the median fund in the Pensions & Investments' Performance Evaluation Report had a time-weighted total return of 7.7% for the three-month period, and the Standard & Poor's 500 index logged a return of 9.7%.

"Back in the spring, we saw some local companies in this area that really got knocked way out of line," said W. Patrick Raiford Jr., vice president and trust investment officer who oversees the fund.

For example, there were some existing positions in companies such as **Dollar General Corp.**, **Charter Medical** and **Jefferson Pilot**, he noted.

At the time, "we increased those to a full position, in most cases, and they performed beautifully for us," Mr. Raiford added.

In addition, "we put all the cash to work in equities, so we had very little left to invest by late July," he said.

"We had a very full participation in the mid-August market."

Planters National invests roughly $10 million to $12 million in pension and employee benefit assets for clients, Mr. Raiford added.

Bank of the West, in San Jose, Calif., was in second place for the quarter, with a time-weighted total return of 14.7%. State Street Bank & Trust Co., Boston, placed third with a return of 14.3% on its Value Fund I.

For the year ended Sept. 30, National Bank of Bloomington, in Bloomington, Ill., was the frontrunner with a time-weighted total return of 18.3%, on its Equity Fund E.

The PIPER median equity fund for the year logged a lackluster 0.9%, while the S&P 500 had a return of 4.7%.

"During the first half of the year, we were only about 50% invested and, at that point, we were invested in defensive issues such as the food and energy stocks," said Diane Nafziger, trust investment officer for National Bank of Bloomington's less than $1 million fund.

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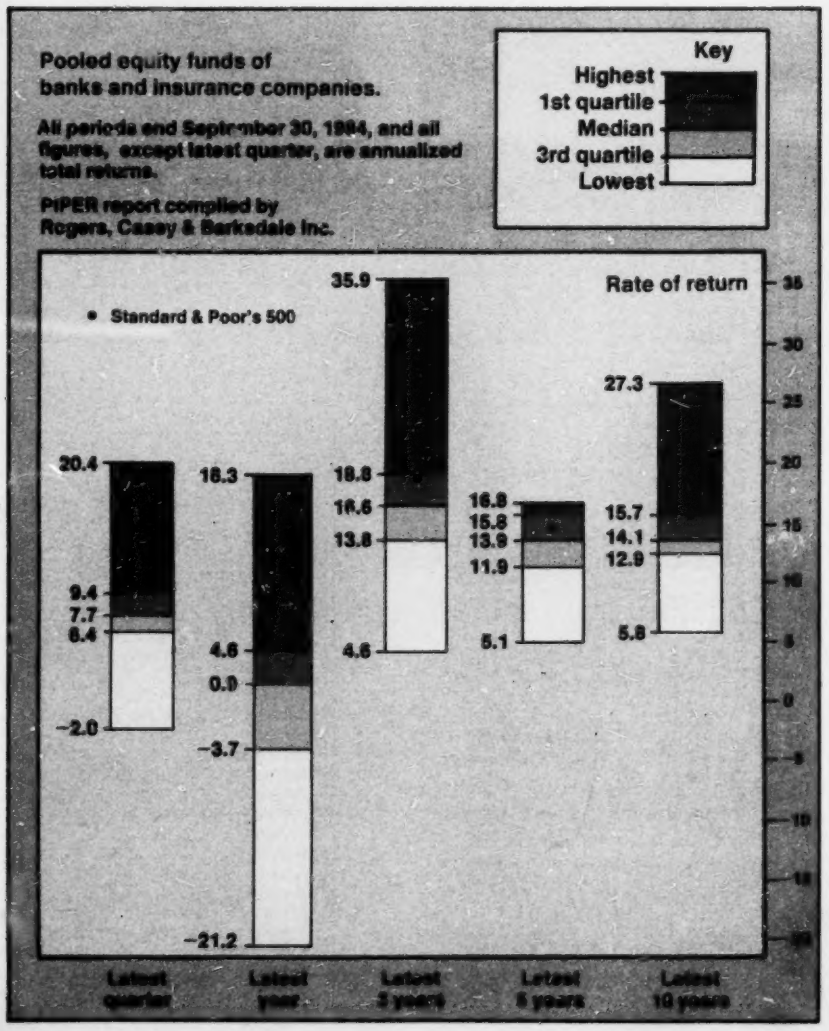

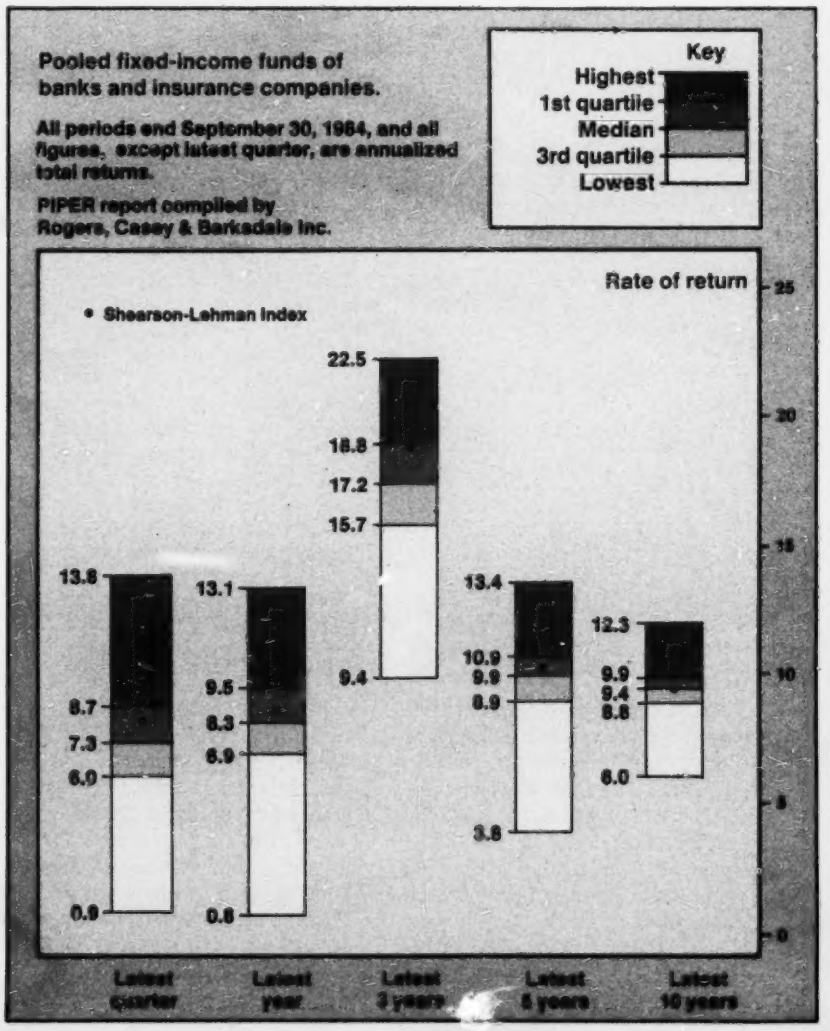

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Top quartile commingled equity funds

3-month returns

	%
Planters National, N.C.	20.4
Bank of the West, Calif.	14.7
State Street Bank, Mass.	14.3
First of America, Mich.	14.1
Trust Svcs. of Amer., Calif.	13.9
John Hancock, Mass.	13.6
Bank of New England, Mass.	12.9
Republic Natl., Dallas	12.5
Centerre Trust, Mo.	12.5
First Interstate of Oregon	12.3
Sun Bank, Fla.	12.2
First Tennessee, Chat.	12.0
Fidelity Bank, Pa.	12.0
Natl. Bank of Bloomington, Ill.	11.7
Travelers, Conn.	11.7
Mellon Bank, Pa.	11.6
Continental Bank, Pa.	11.4
Midlantic National, N.J.	11.4
Norwest Bank, Minn.	11.4
Provident National, Pa.	11.2
First of Warsaw, Ind.	11.1
John Hancock, Mass.	11.1
Texas Commerce	11.1
Key Trust Co., N.Y.	11.0
New Jersey National	10.9
First Natl. State, N.J.	10.7
Guardian Insurance, N.Y.	10.7
Southeast Bank, Fla.	10.6
Fidelity Mgmt. Trust, Mass.	10.6
Puget Sound Natl., Wash.	10.6
American Security, D.C.	10.6
Resource Bank & Trust, Minn.	10.6
AmeriTrust, Ohio	10.5
Natl. Bank of Detroit	10.5
Life of Virginia	10.5
Landmark Union Trust, Fla.	10.4
First Trust, St. Paul	10.3
First of Minneapolis	10.3
Toledo Trust	10.3
Merchants Natl., Iowa	10.2
Fourth Natl., Wichita, Kan.	10.2
Pioneer Bank, Ill.	10.1
Aetna Life & Casualty, Conn.	10.1
Morgan Guaranty, N.Y.	10.1
Oregon Bank	10.0
American Natl., Austin, Texas	9.8
Pacific Mutual, Calif.	9.8
CIGNA Corp., Conn.	9.8
Society Natl., Ohio	9.8
Merchants Natl., Ala.	9.8
Bankers Trust, N.Y.	9.7
Colorado Natl. Bank	9.7
Standard & Poor's 500	**9.7**
Manufacturers & Trader, N.Y.	9.7
Equitable Life, N.Y.	9.7
American Natl., Chicago	9.7
Continental Natl. Bank, Texas	9.6
US Natl. of Galveston	9.6
Prudential, Pridex, N.J.	9.6
First Tennessee, Memphis	9.5
Central Fid., Lynchburg, Va.	9.5
Prudential, VCA-9, N.J.	9.4
Natl. of Commerce, Tenn.	9.4
Natl. City Cleveland	9.4
Midlantic National, N.J.	9.4
Fidelity Union, N.J.	9.4

1-year returns

	%
Natl. Bank of Bloomington	18.3
Continental Natl. Bank, Texas	14.4
First Interstate of Oregon	14.0
Landmark Union Trust, Fla.	13.8
First Union Bank, N.C.	12.9
Jefferson Trust, Ill.	12.8
US Trust, N.Y.	12.4
Bank of New England, Mass.	12.3
Centerre Trust, Mo.	10.5
Bank of the West, Calif.	10.5
Cullen Bank, Texas	9.6
Phoenix Mutual, Conn.	9.4
Natl. of Commerce, Tenn.	9.1
Mercantile Safe, Md.	9.1
First of America, Mich.	9.1
Mellon Bank, Pa.	9.0
First of Bartlesville, Okla.	9.0
Lake Shore Natl., Ill.	9.0
Citytrust, Conn.	9.0
New Jersey National	8.8
John Hancock, Mass.	8.7
US Natl. of Galveston	8.5
Guardian Insurance, N.Y.	8.3
Sun Bank, Fla.	8.2
Nationwide Life Ins., Ohio	8.1
Central Penn., Pa.	7.9
First of Warsaw, Ind.	7.8
United Carolina Bank, N.C.	7.5
First Trust St. Paul, Minn.	7.4
Colorado Natl. Bank	7.4
Fidelity Union, N.J.	7.4
Provident National, Pa.	7.3
Manufacturers & Trader, N.Y.	7.3
United Virginia Bank	7.2
Old Kent, Mich.	7.1
AmeriTrust, Ohio	7.1
Irving Trust, N.Y.	6.9
First Pennsylvania Bank	6.8
John Hancock, Mass.	6.6
BancTexas, Dallas	6.5
Ouachita Natl., La.	6.5
Massachusetts Mutual	6.4
American Bank, Tenn.	6.3
Gary Wheaton Bank, Ill.	6.2
Greeley Natl., Colo.	6.0
Security Natl. Bank, W. Va.	5.8
American National Bank, Ind.	5.7
Mercantile Trust, Mo.	5.6
Fidelity Mgmt. Trust., Mass.	5.6
Toledo Trust, Ohio	5.6
Fidelity Bank, Okla.	5.5
First Tennessee, Chat.	5.5
Republic Natl., Dallas	5.3
Wheeling Dollar Bank, W. Va.	5.2

Investment managers are only as successful as their investment philosophies.

Every year, it seems, a large percentage of investment managers discard their suddenly shopworn philosophies for those in vogue.

At First Union's Capital Management Group, we don't subscribe to faddish trends. Our approach to investment management is ordered and highly disciplined. Painstakingly developed, our methods have proven effective in good markets and bad. And, our performance consistently ranks us among the very best money managers in the country.

Overlooked and under-followed stocks occupy a favored position in our portfolio because they hold the most potential for optimum returns.

In bond management, we seek to minimize the effects of the volatility in the bond market through controlled maturity structures and emphasis on credit quality.

Take a look at our rankings in the P.I.P.E.R. Survey. We consider them a testament to the soundness of our approach.

For more details on our management philosophies, call Pete Nagle, Vice President, at (704) 374-6152. The sooner you get our investment team working for you, the sooner you'll see the results.

CAPITAL MANAGEMENT GROUP

First Union National Bank
1200 First Union Plaza
Charlotte, North Carolina 28288

Continental Bank, Pa.	5.1
Midlantic National, N.J.	5.1
Bank of Oklahoma	5.0
Resource Bank & Trust, Minn.	4.9
Oregon Bank	4.8
American Natl., Chicago	4.8
Standard & Poor's 500	4.7
Sentry Life, Wis.	4.7
Bankers Trust, N.Y.	4.6
Southeast Bank, Fla.	4.6

3-year returns

	%
Manufacturers Life, Ont.	35.9
First Union Bank, N.C.	27.6
First Variable Life, Ark.	26.7
Sun Bank, Fla.	26.6
AmSouth, Ala.	26.5
Connecticut Mutual Life	25.7
Marine Midland, N.Y.	25.5
Mutual Benefit, N.J.	24.7
Fidelity Union, N.J.	24.7
First Interstate of Oregon	24.6
Resource Bank & Trust, Minn.	24.5
Provident National, Pa.	24.0
First Wis. Natl., Madison	23.8
First of Oklahoma	23.8
Lake Shore Natl., Ill.	23.7
Minnesota Mutual	23.3
First of Warsaw, Ind.	23.1
Continental Natl. Bank, Texas	22.5
Guardian Insurance, N.Y.	22.5
Mercantile Safe, Md.	22.3
Dauphin Deposit, Pa.	22.1
Landmark Union Trust, Fla.	21.9
US Natl. of Oregon	21.7
John Hancock, Mass.	21.6
Nationwide Life Ins., Ohio	21.6
Midlantic National, N.J.	21.5
US Natl. of Galveston, Texas	21.3
Colorado Natl. Bank	21.2
Texas Commerce	21.0
Irving Trust, N.Y.	20.9
Gary Wheaton Bank, Ill.	20.9
United Virginia Bank	20.8
Merchants Natl., Ala.	20.8
Massachusetts Mutual	20.7
First Tennessee, Chat.	20.6
Aetna Life & Casualty, Conn.	20.5
Natl. of Commerce, Tenn.	20.4
Wheeling Dollar Bank, W. Va.	20.4
Old Kent, Mich.	20.2
Union Central, Ohio	20.2
Southeast Bank, Fla.	20.1
Midlantic National, N.J.	20.0
Mercantile at Dallas	19.7
Fifth Third Bank, Ohio	19.7
Centerre Trust, Mo.	19.7
Republic Natl., Dallas	19.6
Planters National, N.C.	19.6
AmeriTrust, Ohio	19.4
Bank of the West, Calif.	19.3
First Bank, Milwaukee	19.2
John Hancock, Mass.	19.2
Oregon Bank	19.2
United Carolina Bank, N.C.	19.1
Central Natl., Cleveland	19.0
Bank of Delaware	18.9
Jefferson Trust, Ill.	18.9
Citytrust, Conn.	18.9
CREF	18.9
American Natl., Chicago	18.8
First of Bartlesville, Okla.	18.8
Society National, Ohio	18.8
First Kentucky Trust	18.8
Natl. Bank of Bloomington, Ill.	18.8
Bankers Trust, N.Y.	18.8
Standard & Poor's 500	18.5

5-year returns

	%
Manufacturers Life, Ont.	32.8
First Union Bank, N.C.	22.7
First of Oklahoma	21.1
Fidelity Union, N.J.	20.6
Sun Bank, Fla.	20.4
Provident National, Pa.	20.3
AmSouth, Ala.	19.7
US Natl. of Oregon	19.5
First Wis. Natl., Madison	19.2
Denver Invt. Advisors, Colo.	19.1
Employers Life of Wausau, Wis.	19.0
Wheeling Dollar Bank, W. Va.	18.7
Lake Shore Natl., Ill.	18.7
Philadelphia Natl., Pa.	18.6
Continental Natl. Bank, Texas	18.4
Mercantile Safe, Md.	18.3
Equitable Life, N.Y.	18.3
US Natl. of Galveston, Texas	18.2
Mercantile at Dallas, Texas	18.2
Connecticut Mutual Life	18.1
First Variable Life, Ark.	17.8
Landmark Union Trust, Fla.	17.8
Aetna Life & Casualty, Conn.	17.7
First Tennessee, Chat.	17.6
Guardian Insurance, N.Y.	17.6
Massachusetts Mutual	17.5
Dauphin Deposit, Pa.	17.5
Planters National, N.C.	17.5
Mutual Benefit, N.J.	17.4
First Interstate of Oregon	17.3
Home Life, N.Y.	17.3
United Virginia Bank	17.1
First Trust Corp., Colo.	17.0
State Street Bank, Mass.	17.0
First Natl. of Commerce, La.	16.8
Texas Commerce	16.8
Centerre Trust, Mo.	16.8
Minnesota Mutual	16.7
IAA Trust Co., Ill.	16.7
Southeast Bank, Fla.	16.5
Penn Mutual Life, Pa.	16.5
Phoenix Mutual, Conn.	16.4
Nationwide Life Ins., Ohio	16.4
Fifth Third Bank, Ohio	16.4
Citytrust, Conn.	16.3
American Security, D.C.	16.2
Bessemer Trust, N.Y.	16.2
Colorado National Bank	16.2
Union Central, Ohio	16.1
Natl. of Commerce, Neb.	16.1
First Tennessee, Memphis	16.0
First Interstate of Wash.	16.0
First of Warsaw, Ind.	15.9
Mid-State Bancorp, Pa.	15.9
Bank of Delaware	15.9
First Interstate of Nevada	15.9
American National, Chicago	15.8
Equitable Bank, Md.	15.8
Continental Bank, Pa.	15.8
Northern Trust, Ill.	15.8
Security Trust, Rochester	15.8
Standard & Poor's 500	14.5

10-year returns

	%
Manufacturers Life, Ont.	27.3
Citizens Chillicothe, Mo.	22.1
Guardian Insurance, N.Y.	21.6
AmSouth, Ala.	21.3
US Natl. of Oregon	21.2
US Natl. of Galveston, Texas	20.9
First Wis. Natl., Madison	20.9
First Trust Corp., Colo.	20.2
Provident National, Pa.	19.8
First Variable Life, Ark.	19.8
Bankers Life, Iowa	19.6
First of Oklahoma	19.3
Landmark Union Trust, Fla.	19.2
Aetna Life & Casualty, Conn.	19.1
Denver Invt. Advisors, Colo.	18.6
Employers Life of Wausau, Wis.	18.1
Mercantile at Dallas	18.1
First of America, Mich.	17.9
Life of Virginia	17.6
Massachusetts Mutual	17.5
Penn Mutual Life, Pa.	17.4
Bessemer Trust, N.Y.	17.4
Equitable Life, N.Y.	17.4
First Interstate of Wash.	17.3
Security Trust, Rochester	17.3
First Interstate of Oregon	17.2
Natl. City, Cleveland, Ohio	17.1
Continental Natl. Bank, Texas	17.1
Bank of Oklahoma	17.0
Fifth Third Bank, Ohio	17.0
Texas American Bank	16.9
First Union Bank, N.C.	16.9
Chicago Title & Trust	16.8
Nationwide Life Ins., Ohio	16.7
Home Life, N.Y.	16.7
Colorado National Bank	16.6
Capital Bank, Houston	16.5
Bank of Delaware	16.5
Equitable Bank, Md.	16.5
Minnesota Mutual	16.2
Olympic Bank, Wash.	16.2
Mutual Benefit, N.J.	16.0
Pittsburgh Natl., Pa.	16.0
First Tennessee, Chat.	16.0
First of Kenosha, Wis.	15.9
Lake Shore National, Ill.	15.8
Northern Trust, Ill.	15.8
First of Warsaw, Ind.	15.8
Union Central, Ohio	15.7
Standard & Poor's 500	15.7

The latest trends and participation in venture capital will be the subject of a *Pensions & Investment Age* special report to be published Dec. 10.

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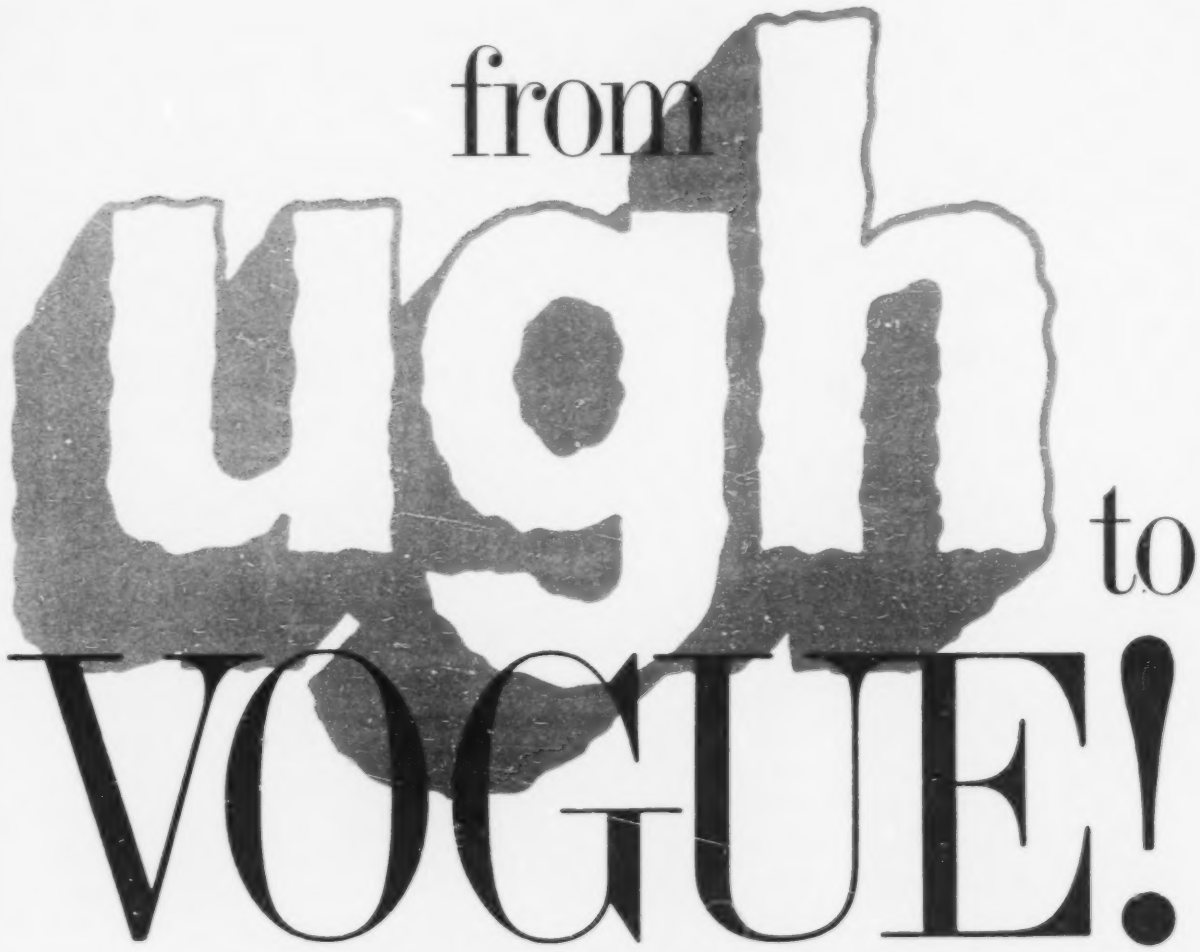

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Top equity funds by size

1-year returns

Over $100 million

	%
Natl. Bank of Bloomington	18.3
Mellon Bank, Pa.	9.0
Provident Natl., Pa.	7.3
John Hancock, Mass.	6.6
Massachusetts Mutual	6.4
Fidelity Mgmt. Trust, Mass.	5.6
American Natl., Chicago	4.8
Bankers Trust, N.Y.	4.6
Metropolitan Life, N.Y.	4.3
Life of Virginia	4.0

$50 million to $100 million

	%
First Union Bank, N.C.	12.9
US Trust, N.Y.	12.4
Centerre Trust, Mo.	10.5
John Hancock, Mass.	8.7
First Trust, St. Paul	7.4
United Virginia Bank	7.2
Old Kent, Mich.	7.1
AmeriTrust, Ohio	7.1
First Pennsylvania Bank	6.8
Republic Natl., Dallas	5.3

$10 million to $50 million

	%
First Interstate of Ore.	14.0
Landmark Union Trust, Fla.	13.8
Jefferson Trust, Ill.	12.8
Bank of New England	12.3
Cullen Bank, Texas	9.6
Phoenix Mutual, Conn.	9.4
Mercantile Safe, Md.	9.1
First of America, Mich.	9.1
US Natl. of Galveston	8.5
Guardian Insurance, N.Y.	8.3

Under $10 million

	%
Continental Natl., Texas	14.4
Bank of the West, Calif.	10.5
First of Bartlesville, Okla.	9.0
Lake Shore Natl., Ill.	9.0
New Jersey Natl.	8.8
First of Warsaw, Ind.	7.8
United Carolina Bank, N.C.	7.5
Manufacturers & Trader, N.Y.	7.3
Irving Trust, N.Y.	6.9
BancTexas, Dallas	6.5

10-year returns

Over $100 million

	%
US Natl. of Oregon	21.2
Provident Natl., Pa.	19.8
Bankers Life, Iowa	19.6
Aetna Life & Cas., Conn.	19.1
Mercantile at Dallas	18.1
Life of Virginia	17.6
Massachusetts Mutual	17.5
Equitable Life, N.Y.	17.4
Natl. City, Cleveland	17.1
Texas Commerce	15.6

$50 million to $100 million

	%
AmSouth, Ala.	21.3
First Wis. Natl., Madison	20.9
Denver Invst. Advisors	18.6
Bessemer Trust, N.Y.	17.4
First Union Bank, N.C.	16.9
Chicago Title & Trust	16.8
Mutual Benefit, N.J.	16.0
Northern Trust, Ill.	15.8
AmeriTrust, Ohio	15.6
United Virginia Bank	15.3

$10 million to $50 million

	%
Manufacturers Life, Ont.	27.3
Guardian Insurance, N.Y.	21.6
US Natl. of Galveston	20.9
First Trust Corp., Colo.	20.2
First of Oklahoma	19.3
Landmark Union Trust, Fla.	19.2
Employers Life of Wausau	18.1
First of America, Mich.	17.9
Penn Mutual Life, Pa.	17.4
First Interstate of Wash.	17.3

Under $10 million

	%
Citizens Chillicothe, Mo.	22.1
Continental Natl., Texas	17.1
Capital Bank, Houston	16.5
Olympic Bank, Wash.	16.2
Pittsburgh Natl., Pa.	16.0
First of Kenosha, Wis.	15.9
Lake Shore Natl., Ill.	15.8
First of Warsaw, Ind.	15.8
Union Central, Ohio	15.7
First of Bartlesville, Okla.	15.4

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Top quartile commingled fixed-income funds

3-month returns

	%
Allied Bank, Texas	13.8
First Interstate of Nevada	13.7
Manufacturers Life, Ont.	13.0
American National, Minn.	12.7
Centerre Trust, Mo.	12.2
Seattle First National, Wash.	11.9
Travelers, Conn.	11.9
First of Chicago	11.8
Fidelity Union, N.J.	11.6
Commerce Union, Tenn.	11.3
Denver Invest. Advisors	11.2
Central Natl., Cleveland	11.2
Comerica Bank, Mich.	10.7
American Security, D.C.	10.6
First of Cincinnati	10.6
Fourth Natl., Wichita	10.5
AmSouth, Ala.	10.5
Citizens Fidelity, Ky.	10.4
Bessemer Trust, N.Y.	10.3
Connecticut Natl. Bank	10.2
Central Fid., Lynchburg, Va.	10.2
IAA Trust Co., Ill.	10.1
First of Allentown, Pa.	10.0
Lloyds Bank, Calif.	9.9
Genesee Merchants, Mich.	9.9
First of Minneapolis	9.9
Security Pacific, Calif.	9.8
First Wisconsin Natl.	9.8
John Hancock, Mass.	9.8
Marine Midland, N.Y.	9.8
Boatmen's National, Mo.	9.8
Colonial Am. Natl., Va.	9.7
Trust Co. of Georgia	9.6
Republic Natl., Dallas	9.6
Irving Trust, N.Y.	9.6
Colorado Natl. Bank	9.6
Natl. of Commerce, Tenn.	9.6
Union Central, Ohio	9.6
Key Trust Co., N.Y.	9.5
Beverly Bank, Ill.	9.5
General American, Mo.	9.5
Natl. of Commerce, Neb.	9.4
Northern Trust, Ill.	9.4
Mutual of New York	9.4
Connecticut National	9.3
Union Planters, Tenn.	9.3
Merchants Natl., Ala.	9.3
Maryland National	9.3
First Tennessee, Memphis	9.3
Commonwealth Natl., Pa.	9.2
First Trust Corp, Colo.	9.2
Hawaiian Trust	9.2
Mercantile Natl., Ind.	9.1
Crown Life, Ont.	9.1
Continental Illinois	9.0
Trust Svcs. of Amer., Calif.	9.0
First of Atlanta	8.9
Life of Virginia	8.8
New Jersey National	8.8
Equitable Life, N.Y.	8.7
Norwest Bank, Minn.	8.7
First Trust, St. Paul	8.7
First Interstate of Calif.	8.7
Shearson-Lehman Index	**8.3**

1-year returns

	%
IAA Trust Co., Ill.	13.1
California First Bank	13.0
First Natl., Jackson	12.9
Heritage Trust, Wis.	12.4
First City Dallas	12.3
Citizens Trust Co., Wis.	12.2
Merchants Natl., Ala.	12.1
Mutual of New York	11.6
First of Allentown, Pa.	11.1
Equitable Bank, Md.	11.1
Central Fid. Lynchburg, Va.	11.0
First of Neenah, Wis.	11.0
Genesee Merchants, Mich.	10.8
Society Natl., Ohio	10.8
Toledo Trust, Ohio	10.8
Pacific Mutual, Calif.	10.8
First Bank, Milwaukee	10.8
Hamilton Bank, Pa.	10.6
General American, Mo.	10.6
New Jersey National	10.5
Ouachita Natl., La.	10.5
Hawaiian Trust	10.5
Pioneer Bank, Ill.	10.4
Prudential, N.J.	10.4
Wilmington Trust, Del.	10.3
State Street Bank, Mass.	10.3
First of Maryland	10.2
Puget Sound Natl., Wash.	10.2
AmeriTrust, Ohio	10.2
Life of Virginia	10.2
First Kentucky Trust	10.1
Oregon Bank	10.1
Southeast Bank, Fla.	10.1
United Virginia Bank	10.1
Union Natl., Wichita	10.1
First of Warsaw, Ind.	10.1
First Citizens, N.C.	10.0
County Bank of St. Louis	10.0
Northern Trust, Ill.	10.0
American Bank, Tenn.	10.0
Mutual of New York	9.9
First of Bartlesville, Okla.	9.8
Sovran Bank, Va.	9.8
Lake Shore Natl., Ill.	9.8
First Interstate of Calif.	9.8
Prudential, N.J.	9.8
First of Atlanta, Ga.	9.8
Old Second Natl., Ill.	9.7
Bank of New York	9.7
AmSouth, Ala.	9.7
First of America, Minn.	9.7
John Hancock, Mass.	9.6
United Missouri, K.C.	9.6
American Fletcher, Ind.	9.6
First Wisconsin Trust	9.6
Jefferson Trust, Ill.	9.6
Fidelity Natl., La.	9.6
Shawmut Bank, Mass.	9.6
Old Kent, Mich.	9.6
Greeley Natl., Colo.	9.5
Mercantile Safe, Md.	9.5
First of Pa., Erie	9.5
Shearson-Lehman Index	**8.5**

3-year returns

	%
First Wis. Natl., Madison	22.5
CIGNA Corp., Conn.	22.2
Bank of New York	21.9
American Security, D.C.	21.9
Central Natl., Cleveland	21.9
Life of Virginia	21.9
AmSouth, Ala.	21.7
Mutual of New York	21.6
IAA Trust Co., Ill.	21.6
Trust Svcs. of Amer., Calif.	21.6
Pacific Mutual, Calif.	21.6
First Kentucky Trust	21.6
Commonwealth Natl., Pa.	21.4
Sovran Bank, Va.	21.4
Centerre Trust, Mo.	21.3
Wheeling Dollar Bank, W.Va.	21.2
John Hancock, Mass.	21.2
Society Natl., Ohio	21.1
Denver Invt. Advisors, Colo.	21.1
First of Chicago	21.0
Union Planters, Tenn.	21.0
Colorado Natl. Bank	20.8
Commerce Union, Tenn.	20.8
Irving Trust, N.Y.	20.4
Marine Midland, N.Y.	20.3
Mutual of New York	20.3
Lloyds Bank, Calif.	20.0
Wachovia Bank, N.C.	20.0
Allied Bank, Texas	19.8
California First Bank	19.8
Bank of Oklahoma	19.8
State Street Bank, Mass.	19.8
First Variable Life, Ark.	19.7
Pioneer Bank, Ill.	19.7
Key Trust Co., N.Y.	19.6
Genesee Merchants, Minn.	19.6
Hamilton Bank, Pa.	19.6
Central Fid., Lynchburg, Va.	19.5
Toledo Trust, Ohio	19.5
Fidelity Union, N.J.	19.4
First of Allentown, Pa.	19.4
Lincoln National, Ind.	19.4
Liberty Natl., Ky.	19.4
Mercantile at Dallas	19.4
Colonial Am. Natl., Va.	19.3
Norwest Bank, Minn.	19.3
First of Maryland	19.2
Prudential, N.J.	19.2
Philadelphia Natl., Pa.	19.2
First Interstate of Calif.	19.2
Citytrust, Conn.	19.1
Natl. of Commerce, Neb.	19.1
Ohio Citizens Trust	19.0
First Natl. State, N.J.	19.0
Crocker National, Calif.	19.0
Bankers Trust, N.Y.	18.9
First of Cincinnati	18.9
Mercantile Trust, Mo.	18.8
Shearson-Lehman Index	**18.7**

5-year returns

	%
Sovran Bank, Va.	13.4
Fourth Natl., Wichita, Kan.	13.2
Northern Trust, Ill.	13.1
United Virginia Bank	12.9
Seattle First Natl., Wash.	12.8
Allied Bank, Texas	12.8
AmeriTrust, Ohio	12.7
Beverly Bank, Ill.	12.6
Jefferson Trust, Ill.	12.4
Texas Commerce	12.4
Cullen Bank, Texas	12.3
Riggs of Washington	12.2
AmSouth, Ala.	12.2
Interfirst Invt. Mgmt., Texas	12.1
First Kentucky Trust	11.9
American Security, D.C.	11.9
Pacific Mutual, Calif.	11.8
Mercantile Safe, Md.	11.8
First Jersey Natl., N.J.	11.8
First Variable Life, Ark.	11.7

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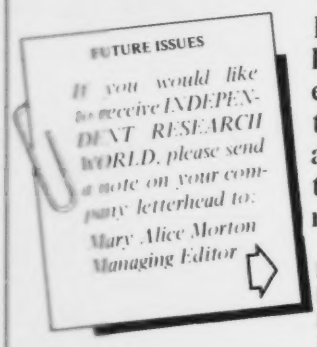

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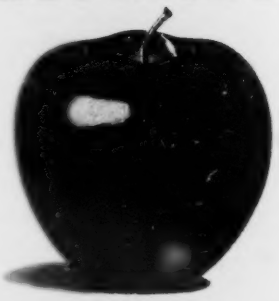

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First of Pa., Erie	11.7
Fidelity Bank, Pa.	11.7
First Interstate of Calif.	11.6
American Bank, Tenn.	11.5
Life of Virginia	11.5
First of Neenah, Wis.	11.4
Mercantile Trust, Mo.	11.4
Puget Sound Natl., Wash.	11.4
First of Maryland	11.4
Toledo Trust, Ohio	11.4
First Bank, Milwaukee	11.4
First of America, Mich.	11.4
Mid-State Bancorp, Pa.	11.4
Commerce Union, Tenn.	11.4
Lloyds Bank, Calif.	11.3
Bankers Trust, N.Y.	11.3
Central Fid., Lynchburg, Va.	11.3
First Natl., Jackson, Miss.	11.3
Manufacturers Hanover, N.Y.	11.2
Hibernia National, La.	11.2
First of Neenah, Wis.	11.1
County Bank of St. Louis	11.1
Centerre Trust, Mo.	11.1
Boatmen's National, Mo.	11.1
Oregon Bank	11.1
Bank of New England, Mass.	11.1
First of Warsaw, Ind.	11.0
Hamilton Bank, Pa.	11.0
First of Neenah, Wis.	11.0
Genesee Merchants, Mich.	11.0
Northern Central, Pa.	11.0
First Wis. Natl., Madison	10.9
First Natl. of Commerce, La.	10.9
Morgan Guaranty, N.Y.	10.9
American Natl., Austin	10.9
American Natl., Chicago	10.9
Shearson-Lehman Index	**10.2**

10-year returns

	%
Fourth Natl., Wichita, Kan.	12.3
Pacific Mutual, Calif.	12.1
Sovran Bank, Va.	12.0
Beverly Bank, Ill.	11.7
Texas Commerce	11.5
Seattle First Natl., Wash.	11.5
Jefferson Trust, Ill.	11.5
Fidelity Bank, Pa.	11.4
First Jersey Natl., N.J.	11.4
Fidelity Union, N.J.	11.2
Central Fid., Lynchburg, Va.	11.0
California First Bank	10.8
Penn Bank, Pa.	10.8
First Interstate of Calif.	10.7
First Tennessee, Memphis	10.6
Continental Natl. Bank, Texas	10.6
First of Neenah, Wis.	10.6
American Security, D.C.	10.6
Manufacturers Hanover, N.Y.	10.5
Mercantile Trust, Mo.	10.5
Citytrust, Conn.	10.3
First of Pa., Erie	10.3
First Kentucky Trust	10.3
Hibernia National, La.	10.3
Riggs of Washington	10.3
Ohio Citizens Trust	10.2
John Hancock, Mass.	10.2
American Bank, Tenn.	10.2
First Wis. Natl., Madison	10.2
Cullen Bank, Texas	10.1
Centerre Trust, Mo.	10.1
Allied Bank, Texas	10.1
Key Trust Co., N.Y.	10.1
Toledo Trust, Ohio	10.0
Lincoln National, Ind.	10.0
United Virginia Bank	10.0
Lloyds Bank, Calif.	10.0
Cigna Corp., Conn.	10.0
Security Trust, Rochester	9.9
Commerce Union, Tenn.	9.9
United Missouri, K.C.	9.9
First Natl. State, N.J.	9.9
First of Bartlesville, Okla.	9.9
Trust Svcs. of Amer., Calif.	9.9
Union Planters, Tenn.	9.9
Midlantic National, N.J.	9.9
Texas American Bank	9.9
Shearson-Lehman Index	**9.4**

Pensions & Investment Age will publish a special report on state and municipal pension funds, and their managers, in the Nov. 26 issue.

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1-year returns

Over $100 million

	%
Prudential, N.J.	10.4
Northern Trust, Ill.	10.0
Prudential, N.J.	9.8
John Hancock, Mass.	9.6
First of Chicago, Ill.	9.4
First Union Bank, N.C.	9.2
Morgan Guaranty, N.Y.	9.1
Comerica Bank, Mich.	9.0
CIGNA Corp., Conn.	9.0
American Security, D.C.	8.4

$50 million to $100 million

	%
Mutual of New York	9.9
Interfirst Invt. Mgmt., Texas	9.0
Marine Midland, N.Y.	8.9
Mellon Bank, Pa.	8.6
Northern Trust, Ill.	8.2
Equitable Life, N.Y.	8.1
American Natl., Chicago	7.8
Continental Illinois	7.7
Norwest Bank, Minn.	7.6
Denver Invt. Advisors	7.4

$10 million to $50 million

	%
California First Bank	13.0
First Natl., Jackson	12.9
Citizens Trust Co., Wis.	12.2
Mutual of New York	11.6
Genesee Merchants, Mich.	10.8
Hamilton Bank, Pa.	10.6
Ouachita Natl., La.	10.5
Hawaiian Trust	10.5
AmeriTrust, Ohio	10.2
First Kentucky Trust	10.1

Under $10 million

	%
IAA Trust Co., Ill.	13.1
First City Dallas	12.3
Merchants Natl., Ala.	12.1
First of Allentown, Pa.	11.1
Equitable Bank, Md.	11.1
Central Fid., Lynchburg	11.0
First of Neenah, Wis.	11.0
Society Natl., Ohio	10.8
Toledo Trust, Ohio	10.8
Pacific Mutual, Calif.	10.8

10-year returns

Over $100 million

	%
Texas Commerce	11.5
American Security, D.C.	10.6
Manufacturers Hanover	10.5
John Hancock, Mass.	10.2
Centerre Trust, Mo.	10.1
CIGNA Corp., Conn.	10.0
Wachovia Bank, N.C.	9.5
Prudential, N.J.	9.4
Irving Trust, N.Y.	9.4
First of Chicago	9.4

$50 million to $100 million

	%
InterFirst Invt. Mgmt., Texas	12.1
Mercantile Trust, Mo.	11.4
Hibernia Natl., La.	11.2
Boatmen's Natl., Mo.	11.1
American Natl., Chicago	10.9
Bankers Trust, N.Y.	10.4
North Carolina Natl.	10.3
US Trust, N.Y.	10.0
Mellon Bank, Pa.	10.0
Denver Invt. Advisors	9.8

$10 million to $50 million

	%
Fourth Natl., Wichita	12.3
Sovran Bank, Va.	12.0
Seattle First Natl., Wash.	11.5
Jefferson Trust, Ill.	11.5
Fidelity Bank, Pa.	11.4
First Jersey Natl., N.J.	11.4
Fidelity Union, N.J.	11.2
California First Bank	10.8
First Interstate of Calif.	10.7
First Tennessee, Memphis	10.6

Under $10 million

	%
Pacific Mutual, Calif.	12.1
Beverly Bank, Ill.	11.7
Central Fid., Lynchburg	11.0
Penn Bank, Pa.	10.8
Continental Natl., Texas	10.6
First of Neenah, Wis.	10.6
First of Pa., Erie	10.3
Ohio Citizens Trust	10.2
Allied Bank, Texas	10.1
Key Trust Co., N.Y.	10.1

Long maturities . . .

Continued from page 13

lio for the year ended Sept. 30 was run by IAA Trust Co., Bloomington, Ill. It returned 13.1%, compared with Shearson's 8.5%.

IAA Trust also did well for the quarter, returning 10.1%.

John A. Jacobs, IAA Trust investment officer, said the $5 million portfolio was defensive late last year with maturities averaging six or seven years. About 20% of the portfolio was in cash equivalents.

"As we got into the new year, and once Treasuries reached 13%, we extended the maturity (of the IAA portfolio)," Mr. Jacobs said, "Luckily, (it was) at the right time. We thought Treasuries looked cheap." By the September quarter, the portfolio virtually was fully invested, with only about 5% in cash.

Unlike other fixed-income managers interviewed, Mr. Jacobs said IAA held corporate bonds as well as governments; it had about 60% in corporates and the rest in Treasuries. But he noted, "The yield spreads (on corporates) weren't as wide as we'd have liked them to have been."

Among the corporates, all selling at discounts, IAA bought were **Mountain States** telephone, **Southwestern Bell Corp.**, **Southern Bell** and **Utah Power & Light**.

In the survey, the next best portfolio performers for the 12 months were California First Bank, with 13%; First National Bank, Jackson, Miss., with 12.9%; Heritage Trust Co., Milwaukee, with 12.4%; and First City Bank of Dallas, with 12.3%.

At Criterion, Mr. Miller said the Allied portfolio's "volatility," a term he uses for a measure of its sensitivity to market movements, was 5.8 or 6, meaning for each one point change in interest rates, the portfolio would change 5.8 or 6 points.

But Criterion hedged its forecast somewhat by not holding any corporate bonds. Criterion's Allied portfolio was composed of half Treasury bonds and half Ginnie Maes. "We liked the quality and liquidity of governments in case interest rates went up."

At Seattle-First, John J. Meehan, assistant vice president, said he took the $15 million portfolio's duration, a measure of volatility, up to six at the beginning of the quarter, roughly equivalent to a 13-year bond. In general, the higher the duration, the more volatile the portfolio.

At First Chicago, David Woolford, vice president, said its portfolio was composed 35% of Treasury and government agency bonds, 30% of corporate bonds and the rest in cash and mortgage instruments not sensitive to prepayments.

"I don't find the components of the portfolio revealing" for the quarter, Mr. Woolford said. "Our strategy has been consistent for the past 12 months."

"We took the view interest rates were too high," he added, meaning bond prices would rise.

Besides eliminating prepayment sensitive issues, he said he watched for issues subject to calls.

At Fidelity Union, or the new First Fidelity, George E. Weckel, vice president, said, "Our views of the market and economy led us to believe we should extend the maturity. We were convinced interest rates would come down. The portfolio had an average maturity of 10 years and had an average duration of six."

The entire $11 million portfolio was in Treasuries. It "essentially stayed the same during the quarter," he added. ■

Eight add FRT in first quarter

TACOMA, Wash. — Eight pension funds hired Frank Russell Trust Co. during the third quarter, the firm said.

They were the American Hoechst Corp., Somerville, N.J.; Hartford Steam Boiler Inspection & Insurance Co., Hartford, Conn.; Hills Brothers Coffee Inc., San Francisco; and Materials Research Corp, Orangeburg, N.Y.

Also hired were the New York Hotel and Motel Trades Council and Hotel Association of New York Pension Fund, New York City; the Peabody Holding Co., St. Louis; Tosco Corp., Santa Monica, Calif.; and the town of Greenwich Retirement System, Greenwich, Conn. ■

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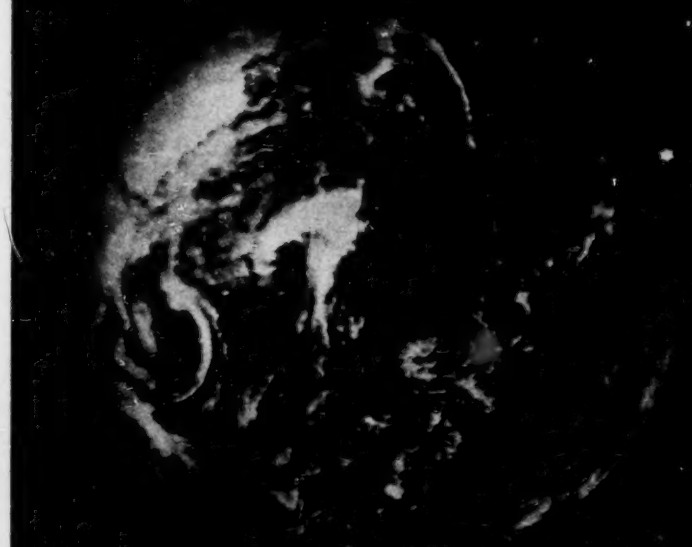

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Equity leaders . . .

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She mentioned **Ralston Purina Co., Atlantic Richfield Co., Standard Oil Co. (Indiana)** and **Penn Central Corp.** as examples of these stocks.

"In mid- to late July, we felt the market was in for a pop, and we decided to buy stocks with higher betas, like high technology issues," Ms. Nafziger said. These included **Honeywell Inc., Motorola Inc., International Business Machines Corp.** and **Ryder System Inc.**

As a result, the fund enjoyed maximum benefit from the upward surge in the August market, she added.

Continental National Bank, in Fort Worth, Texas, and First Interstate of Oregon, Portland, were second and third for the year ended Sept. 30, with time-weighted total returns of 14.4% and 14%, respectively.

The Manufacturers Life Insurance Co., in Toronto, wears the winner's laurel for the three-, five- and 10-year periods ended Sept. 30.

The insurer's roughly $22 million equity fund held the lead by observing a bottom-up, stock selection approach to equities, according to Donavon McKerchar, investment manager.

"We try to select issues with a valuation which seems modest compared to what we see," he explained. The Bell operating companies were among these issues that performed particularly well based on this scenario, he said.

"We did reasonably well in the August stock market. We became bullish in late June or July," Mr. McKerchar said. "We reduced cash from nearly 50% to 10% around the end of June."

He added some of the equity fund's successful performance was due to the market correction of roughly 14%, which took place between late last year and early this year. "That started things moving in the right direction," Mr. McKerchar said.

For the three-year period, Manufacturers Life scored a 35.9% time-weighted total return. The PIPER median equity fund had a time-weighted total return of 16.6% and the S&P 500 returned 18.5%.

First Union Bank, in Charlotte, N.C., was second for the three years, with a 27.6% return on equity. First Variable Life, in Little Rock, Ark., placed third, with 26.7%.

For the five years ended Sept. 30, Manufacturers Life again led the pack with a 32.8% time-weighted total return. The median fund for the five years had a time-weighted total return of 13.9%, and the S&P 500, 14.5%.

First Union Bank, Charlotte, again came in second, with 22.7%. Moving into third place was First National Bank & Trust of Oklahoma City, with a 21.1% return.

In the 10 years ended Sept. 30, Manufacturers Life trounced the competition, with a 27.3% time-weighted total return.

The median fund for that period had a 14.1% return and the S&P 500, a 15.7% time-weighted total return on equity.

Second place was held by the Citizens Bank & Trust Co., in Chillicothe, Mo., with a 22.1% time-weighted total return for the 10 years. Third in the race was Guardian Insurance Co., in New York, with a return of 21.6% for its Variable Account 1.

PIPER, compiled by the consulting firm Rogers, Casey & Barksdale Inc. of Stamford, Conn., charts the performance of bank and insurance company commingled funds. ■

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D.C. board adopts new guidelines

By Joel Chernoff

WASHINGTON — The District of Columbia Retirement Board voted to adopt new investment guidelines, officially starting a restructuring of the $577 million in pension assets it oversees.

As its first step, the board authorized the funding of a $75 million index fund with Alliance Capital Management Corp., New York, although it held off approval of a $25 million contract for a separate index fund run by Wilshire Associates, Santa Monica, Calif., until it reviews minor contract changes.

The alterations in the investment guidelines likely will precipitate changes in the fund's manager lineup, particularly among its smaller managers. The fund, which includes retirement assets for judges, police, fire and police officers, had $577 million as of Sept. 30.

The new guidelines require 60% of plan assets be invested in equities, with the remaining 40% in fixed-income accounts. The previous asset allocation was not given.

Some 20% of total assets are in the core index funds, which are free of stocks of firms that do business with South Africa. Mayor Marion Barry prohibited investments in such firms this past May, after a drawn-out debate on the legality of a similar measure passed last year by the City Council.

The Alliance fund took the Standard & Poor's 500 stock index, winnowed out firms with South African ties, then weighted it to resemble the full S&P 500.

The assets were taken from Century Capital Associates, New York, and ASB Capital Management, Washington, which were terminated as equity managers, and from temporary accounts, according to Earl Johnson, executive director.

Half of Century's $80 million account is being run temporarily in a short-term account by T. Rowe Price Associates, Baltimore. American Security Bank, ASB's parent, also runs $51 million in short-term assets, as of Aug. 31.

The Wilshire fund also will eliminate South Africa-related firms from its index, but will add back companies of comparable size and industry, Mr. Johnson said.

Under the new guidelines, the fund will invest another 30% of its assets in strategically managed equities.

Ten percent is to be run by a value-oriented, bottom-up stock selector, with another 10% by a top-down, sector-industry-theme concentration manager.

Allocations of 5% each will be managed by growth-oriented and "opportunistic," such as special situations or contrarian, managers.

Current stock selector managers for the fund are Loomis, Sayles & Co., Boston, with $63 million in assets, and Alliance, with $90 million, as of Aug. 31.

Potomac Asset Management, Washington, runs $10 million in an active equity account but Callan Associates, the fund's consultant, recommended terminating Potomac because its beta was very close to that of the index funds.

An additional 10% of the D.C. fund will be invested in a money market account.

Fixed-income investments will hold the remaining 40% of plan assets, with 30% in strategically managed bonds and 10% in intermediate bonds. Bond managers are Sovran Bank, Richmond, Va., with $62 million; Riggs National Bank, Washington, with $26 million; and T. Rowe Price, with $87 million, not including the assets in the short-term account. ■

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Sale drains clients from Eberstadt

By Marci Baker

NEW YORK — Executives of pension funds with at least $800 million under management at Eberstadt Asset Management, acquired earlier this month by Alliance Capital Management, are planning to find new managers.

American Telephone & Telegraph Co. and Sperry Corp. pulled their accounts totaling almost $400 million before the deal was finalized, confirmed Dave Williams, Alliance's president.

Officials of Peoples Energy Corp., Chicago, confirmed they withdrew their $25 million bond account. J.P. Stevens & Co. Inc. reportedly pulled an account of an undisclosed size.

Several other clients, with about $400 million under management by Ebertstadt, likely will follow suit soon, sources said.

Indeed, some sources believe the outflow of business ultimately might exceed the $1 billion mark. A number of clients were undecided about what course to take just hours before the sale took effect. Given the short lead time, sources say, some clients might opt to assign their accounts to Alliance temporarily, and decide what to do with their accounts at a more leisurely pace.

Household International Inc., Prospect Heights, Ill., which hired Eberstadt earlier this year to manage a $10 million bond portfolio, is among those.

"We are in the midst of a transition on the fixed-income side and therefore our requirements right now are not stringent on style," said Jane Western, administrator of the company's $465 million retirement plan.

"So we have decided that, at least temporarily, we will leave our

Continued on page 70

Late news

2 added for balanced

BOSTON — The $420 million Massachusetts Bay Transportation Authority Retirement Fund hired The Boston Co. Inc., Boston, and Lazard Freres Asset Management, New York, to manage balanced accounts, said John Gallahue Jr., executive director.

He said each manager will receive $38 million.

Continued on page 2

Pensions & Investment Age

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List includes PacTel, Motorola, Delaware state

Banner year for international hirings

By Rose Darby

NEW YORK — As the biggest year ever for international investment among U.S. pension funds draws to a close, four more funds have hired international managers, two state systems have awarded further assets to current managers and one pension plan is finalizing its choice.

The pension funds of Pacific Telesis Group, the state of Delaware, Pacific Lighting Corp. and Motorola Inc. have hired international money managers, while Dart & Kraft Inc. is finalizing a hiring.

Further, the states of Oregon and Alaska are making additional commitments to their managers.

"There's no question that it's been a gangbusters year for international investment, and it hasn't even been a great year for foreign markets," said Chris Nowakowski, president of InterSec Research Corp., an international consulting firm in Stamford, Conn.

He said the interest in international is surprising because pension funds are comfortably funded and increasingly are turning to terminations and dedicated and immunized bond portfolios.

"To think that in such an environment of shrinking cash flow, overseas commitments have grown from roughly $11.7 billion to $14 billion or $15.5 billion this year, says a lot," he added.

Mr. Nowakowski attributes the increase to acceptance of international investments among pension fund executives.

"The reality that not doing international should be an active omission, rather than one that hasn't been considered, is sinking in for pension sponsors," he explained.

"No one is saying that foreign investment is better than domestic, rather it is something that should be considered."

PacTel in San Francisco ultimately will receive more than $5 billion in assets from American Telephone & Telegraph Co.

Pension officials there reportedly have selected the fund's first two international equity managers. Verification of the choices could not be made either through the money managers or PacTel.

"We have defined international

Continued on page 71

Fund engineers railroad financing

By Joel Chernoff

MONTGOMERY, Ala. — The Retirement Systems of Alabama, expanding its investments in land, sea and air modes of transportation, has invested $50 million in a privately placed debt financing for nearly 1,300 railroad carriers.

The investment is the latest in a series for the $4 billion fund this year; the system has sought to lock in high interest rates in any quality vehicle it can get.

David Bronner

In June, the fund invested $600 million in a potpourri of debt instruments, including private placements, mortgage-backed securities and zero-coupon bonds (*Pensions & Investment Age*, Oct. 15).

Earlier this year, the fund provided $102 million in privately placed debt to help finance Delta Air Lines Inc.'s purchase of 33 new Boeing 737 jetliners.

Asked if the fund had plans to add shipping to its list of transportation investments, David Bronner, secretary-treasurer, responded, "We have a fishing fleet off the state of Washington."

That investment, made four or five years ago for several million dollars, is guaranteed under a program run by the National Marine Fisheries Services, a unit of the National Oceanic and Atmospheric Administration, he added.

"We just play in the strange stuff," commented Mr. Bronner. "If everybody's playing in the market, hopefully I've been there and left."

Mr. Bronner continues to mop up high interest rates with his "strange stuff" strategy. The $50

Continued on page 73

Photo courtesy of the Chicago Symphony Orchestra

Sir Georg Solti conducts the Chicago Symphony Orchestra, which raised more than $30,000 in a recent "pension fund concert." Proceeds from the semiannual concerts are contributed to the orchestra musicians' pension fund. See story on page 6.

Mellon, Citi spinoffs seen

By Kimberly Blanton and Marci Baker

Mellon Bank and Citibank likely will form separate subsidiaries for their institutional investment management groups sometime in 1985.

Their tentative plans to remove the investment professionals from the bank hierarchy and promote what one bank executive described as an "entrepreneurial spirit" are the latest in a rash of bank spinoffs.

The Bank of New England, Boston, just announced it would establish Beacon Asset Management Inc.

There is some indication banks are setting up subsidiaries not only in response to competition from independent investment firms, but also to meet increased competition within their own ranks.

Both Mellon and Citibank are planning investment spinoffs in the wake of significant changes in top management.

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Sacramento, Calif.

California ups lending program

By Steve Hemmerick

SACRAMENTO, Calif. — The $24 billion California Public Employees' Retirement System intends to make $3 billion to $4 billion more in securities available for lending in a market some think already is overcrowded with willing lenders.

First Interstate Portfolio Lending Service, Los Angeles, which has been seeking primarily public fund clients, has been chosen to do the additional lending for the California fund.

Rick Moos, president of the lending service, disputes the idea that the expanded amount of lending will have much impact in a market where he estimates billions of dollars in securities are lent daily.

"Each day, borrowers (of securities) don't fulfill all their needs," said Mr. Moos. He agrees, however, that the income derived from many trades has narrowed "tremendously," in part because many lenders are trying to lend the same type of securities.

Continued on page 74

W. Allen Reed to succeed Gary Helms as director

Hughes recruits from manager ranks

By Steve Hemmerick

CULVER CITY, Calif. — Hughes Aircraft Co. has gone to the ranks of money managers to find a new director of its $3 billion employee benefits program.

W. Allen Reed, a portfolio manager with Allen & Associates Investment Management Inc., Atlanta, has been hired to succeed Gary Helms.

Mr. Helms quit as staff vice president-investment management for Hughes in May to re-enter money management, setting up a branch office in Los Angeles for Eberstadt Asset Management. Before joining Hughes, Mr. Helms had been with the brokerage firm Loeb Rhodes.

Prior to joining Allen & Associates, where he worked for about two years, Mr. Reed had been responsible for pension assets at Delta Air Lines Inc., Atlanta.

Allen & Associates has about $167 million under management, according to the 1984 Money Market Directory.

The significant amount of assets that Hughes manages in-house apparently is part of the reason for the emphasis on money management ability. Thomas V. Keene, Hughes' senior vice president for finance, would not disclose the amount managed in-house.

Hughes' pension fund has more than $2 billion in assets, and a large part of that has been invested in stocks. As of Sept. 30, 1983, Hughes had 75% of its pension assets in stocks and 6% in bonds. Mr. Keene said Mr. Reed's primary emphasis at Allen & Associates had been in equities. He said Hughes' outside and in-house equity managers are allowed to augment stock and cash holdings with bonds.

In addition, a significant portion of the fixed-income assets of the less than $1 billion employees' savings plan is run in-house. The job also involves supervising a number of outside managers, including international and real estate managers, and investing in venture capital partnerships.

Mr. Keene said Mr. Reed was hired because of his qualifications, and said Mr. Reed came "highly recommended." "I am delighted he will be with us," Mr. Keene added.

According to sources, one key member of Hughes' investment staff left just before and one just after Mr. Helms announced his resignation. Both departures reportedly were unrelated to Mr. Helms' decision. Replacing the staff reportedly was held up until Mr. Helms' successor could be named. Mr. Keene said some more investment staff hirings could be expected.

The man Mr. Helms replaced at Hughes, John Crowl, helped set up a money management firm, Olympic Capital Management, Seattle.

A member of the Hughes investment staff, Shelly Grudin, a senior portfolio manager, came from Webster Management Corp., New York. Other Hughes investment staff members include Celia Chapman, who manages the in-house technology fund, and Michael Wutery, responsible for venture capital and real estate. ■

Oklahoma public fund hires out-of-state firm

By Fred Williams

OKLAHOMA CITY — The Oklahoma Public Employees' Retirement System has become the only Oklahoma state fund to hire an out-of-state money manager under a new bidding process.

Wright Investors' Service, Bridgeport, Conn., was hired to run a $120 million portfolio for the nearly $700 million fund. The pension plan also gave First Investment Management Corp., the investment arm of First National Bank and Trust of Oklahoma City, $420 million, and Bank of Oklahoma, Tulsa, $120 million. All will manage balanced accounts.

First Investment Management previously had run the entire account, said Rex Privett, the fund's executive director.

The Oklahoma public employees' fund is the last of the five state pension plans to comply with a controversial competitive bidding process mandated by a 1983 attorney general's opinion.

The selection procedure became a source of sensitivity among the various public pension fund executives and boards of trustees during the summer, when all non-Oklahoma managers of the other funds were terminated in favor of in-state managers during the bidding process.

Some felt the purchasing office in the state Office of Public Affairs, which handled the bids, might have usurped some of the fiduciary responsibilities traditionally exercised by the various pension boards of trustees.

Some investment managers and pension fund executives also felt the Office of Public Affairs might have shown too much bias toward money managers located in the state of Oklahoma (*Pensions & Investment Age*, July 9) and relied on low bidders, rather than on performance and professional standards.

The public employees' plan delayed complying with the bidding process by filing for an extension with the Department of Public Affairs.

Mr. Privett said bids on the public employees' account ranged from the 5.5 basis points by First Investment Management to the 14.5 basis points by Wright Investors.

He said the Office of Public Affairs used the bid specifications developed by the public employees' fund in conjunction with First National Bank and Trust, acting as its consultant, in awarding the contracts to the successful bidders.

Continued on page 73

Late news

Continued from page 1

The two firms were hired to replace Fort Hill Investors Management Corp., Boston, he added.

DOL funding study

WASHINGTON — Multiemployer pension plans were better funded than single-employer plans in 1979, according to a new study by the Department of Labor.

The study, which was based on annual report data and collective bargaining agreements, found that, on average, multiemployer plans had assets to fund 90% of the value of vested benefits, compared with 84% for single-employer plans.

Kausch to join firm

CHICAGO — Ralph Kausch, who will retire as executive director of the Illinois Municipal Employees Retirement Fund, will join Manufacturers Hanover Investment Corp. as its West Coast marketing representative to public pension funds.

Mr. Kausch, whose retirement will become effective Dec. 21, will move to San Diego and handle marketing of fixed-income and equity investments starting next year. Robert Cusma, former executive secretary of the Pennsylvania State Employees Retirement System, will replace Mr. Kausch (*Pensions & Investment Age*, Oct. 1).

DOL stock concerns

WASHINGTON — Stock to be acquired by Raymond International Inc.'s proposed employee stock ownership plan and thrift plan might be undervalued, the Department of Labor has told Raymond's lawyers.

A recently released letter from the department raised concerns about the long-term relative value of Class A common stock (to be acquired by the ESOP) to Class B shares, which will be owned by Raymond management and Kelso & Co., the investment banker that arranged the leveraged buy-out.

In regard to senior preferred stock to be bought by the thrift plan, the Labor Department said the rate of return was lower than would have been negotiated at "arm's length." The agency suggested adding equity features.

Overseas firms hired

TORONTO — Canadian Pacific Ltd., which has more than $2.5 billion in assets, made its first commitment to investments outside North America.

G.H. Cloutier, assistant vice president-pension investments, said Canadian Pacific allotted $4 million apiece to Morgan Grenfell Investment Services Ltd., New York, and Fidelity Management & Research Co., Boston.

Both were hired last spring; but Canadian Pacific delayed giving them any money until this month (*Pensions & Investment Age*, April 2). He said the managers will invest the $8 million in non-North American stocks.

Further allocations also depend on CP's U.S. investments. By law, Canadian pension funds can invest only 10% of their assets outside Canada.

"That's why I gave them only $4 million each," Mr. Cloutier said of the two managers. "I'm getting close to the legal limit."

The rest of the fund's assets are invested in-house in Canadian investment vehicles and U.S. equities, except for $15 million invested in U.S. equities by Massachusetts Financial Services Co., its only other outside manager.

Miller to Phoenix fund

PHOENIX — David Miller will become retirement program administrator of the $175 million Phoenix City Employees Retirement System Dec. 3. He replaces Patricia Cochran, who resigned in July. He had been a consultant to pension funds out of Scottsdale.

Telzrow joins Alliance

DALLAS — Dennis Telzrow has joined Alliance Capital Management Corp., Dallas, as vice president and portfolio manager. He had been associate director of pension investments at Diamond Shamrock Corp. for the past four years.

FASB benefit footnote

STAMFORD, Conn. — Companies' financial statements will have to include a description of health care and life insurance benefits provided for retirees, under a rule adopted by the Financial Accounting Standards Board.

The new standard affects periods ending after Dec. 15 for U.S. and foreign plans. If data for foreign plans is not available in time, the rule will not affect financial statements for periods ending before June 15, 1985. Also, contributions to multiemployer plans are not covered by the standard.

In their footnotes, employers will have to describe retiree benefits and employee groups covered, disclose the cost for the period, and explain accounting and funding policies for the benefits.

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PIPER

The statistical data is extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation service published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

1984 returns down for special equity

STAMFORD, Conn. — Special equity funds that flew high above the market indexes in 1983 have bumped along below them so far this year.

For the third quarter, the median bank and insurance company pooled special equity fund was up 5.9%, compared with a gain of 9.7% for the Standard & Poor's 500 index.

For the 12 months ended Sept. 30, the median special equity fund returned -5.7. The 108 special equity funds are tracked by Rogers, Casey & Barksdale, Stamford, Conn., and reported in Pensions & Investments' Performance Evaluation Report.

The top funds for the latest quarter were RepublicBank Dallas' $5 million Select Equity fund and Fidelity Management Trust Co.'s $266 million aggressive equity fund. Both were up 11.3% for the quarter.

RepublicBank's fund also was the top performer for the 12 months ended Sept. 30, when it was up 21%.

Ben Fisher, vice president and portfolio manager for the RepublicBank fund, said it is a relatively undiversified fund that typically holds only a few stocks that are unappreciated by Wall Street analysts.

One example he cited was **Orion Pictures**, which, he said, was not liked very much by the analysts. However, the film producer had three movies in circulation that were doing better than expected: "The Woman in Red," "Amadeus" and "The Terminator." Most analysts had missed this, he said.

Further, Mr. Fisher said, Orion looked likely to do well in the Christmas season with "The Cotton Club." "It's an expensive movie, but they've limited their exposure well," Mr. Fisher said.

Another unpopular stock Mr. Fisher owns is **Wheeling-Pittsburgh Steel** which he said he bought because the current price is only one third of book value.

Not all of Mr. Fisher's current portfolio of seven stocks are unpopular or troubled. **American Bankers Life** is a well-run insurance company that has been overlooked, Mr. Fisher said.

In PIPER, third for the quarter was Prudential Insurance Co.'s $990 million PRIFORM, which was up 10.9%. PRIFORM also ranked third for the 12 months, with a gain of 9.4%.

Interestingly, PRIFORM received negative publicity earlier in 1984 because of its investment in **Continental Illinois National Bank & Trust Co. of Chicago** stock.

PRIFORM's investment approach is to buy the 100 S&P 500 stocks with the lowest price/earnings ratios.

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Top international funds 35
Top special equity funds 30

Roger Ford, managing director of Prudential Equity Management Associates, said that typically a lot of low P/E stocks have negative news associated with them, and sometimes the P/E is carried lower than the stock deserves.

Mr. Ford noted "the portfolio is quite diversified and the few negative experiences, such as Continental Illinois, have been more than offset by stocks which have outperformed the market."

The winners in the portfolio so far this year have been the **Continental Group**, **May Department Stores Co.** and several food companies such as **Carnation Co.**, **Nabisco Brands Inc.** and **Quaker Oats Co.**

The second best return for the 12-month period was Continental National Bank of Texas' Total Return fund, which was up 14%.

Frank Ganucheau III, senior vice president at the bank, said lately he is finding more things to sell than to buy. "The price-to-book value ratio today is pretty high for many companies," he said. "The true low P/E stocks are not there."

Like Prudential's PRIFORM, Mr. Ganucheau's fund is a low P/E multiple fund. "But we don't just buy low P/E," he said. "We try to look at the companies as businesses and try to buy pieces of businesses."

Continued on page 32

Strong dollar buoys international funds

By Rose Darby

NEW YORK — International money managers whose strategies involved a play on the strength of the U.S. dollar led in third quarter 1984 performance, according to the Pensions & Investments' Performance Evaluation Report.

Seventeen banks and insurance companies with 24 commingled funds were monitored by PIPER.

First Chicago Investment Advisors' $20 million international Dollar Fixed Fund, managed in London, was the premier performer for the quarter ended Sept. 30, with a 9.7% time-weighted total return.

Capital International's Europe Australia Far East index was up 6% for the quarter. The median PIPER fund for that period was up at 3.1%.

The First Chicago fund is a dollar-denominated bond fund with Eurodollars and yankee bonds that performed extremely well in the period, said Richard Carr, vice president.

"U.S. interest rates also came down, which led to bond market gains," he explained.

In addition, "because the fund is dollar denominated, we didn't suffer any currency loss and over that period, bonds performed better than equities in the U.S. and across the world," Mr. Carr said.

Second for the quarter was IDS Trust of Minneapolis. Its international collective equity fund had a 6.7% time-weighted total return.

Fidelity Management Trust's roughly $32 million International Equity Fund placed third for the quarter, with a 5.7% return.

Tied for fourth place were Mellon Bank's $13 million International Investment Fund and Prudential Life Insurance Co.'s $48 million global bond fund. Both had time-weighted total returns of 5.2% for the third quarter of 1984.

For the year ended Sept. 30, 1984, no fund outperformed the EAFE index, which had a time-weighted total return of 15.2%. The median fund for the same period returned 2.8%.

However, IDS Trust was on the EAFE's heels, with 15.1% for the year.

That $10.5 million equity fund is managed in London by Peter Lamaison of IDS-Gartmore International Inc.

Early in the third quarter, the fund's cash position — held in U.S. dollars — stood at 30%, said Mr. Lamaison.

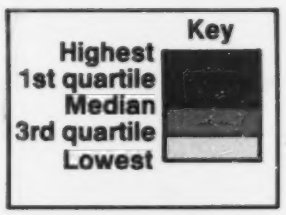
"The month of July was pretty disastrous, and we had a significant cash position, which obviously helped us," he explained. "Then the EAFE went up 6% on the first of August and we got in very early, indeed, and we went back in at a modestly aggressive pace. In partic-

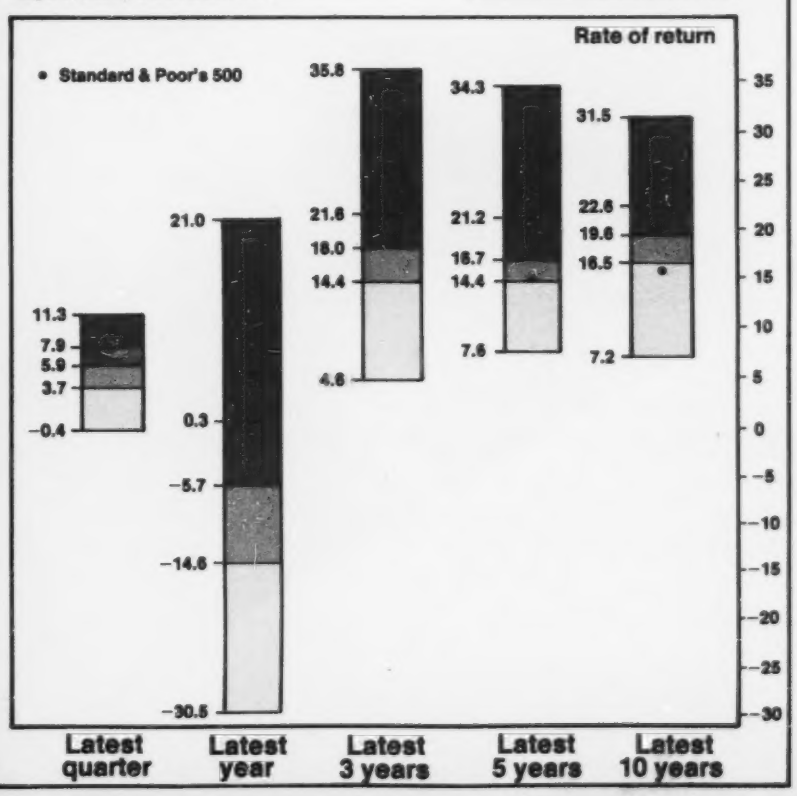
Continued on page 30

Pooled special equity funds of banks and insurance companies.

All periods ending September 30, 1984, and all figures, except latest quarter, are annualized total returns.

PIPER report compiled by Rogers, Casey & Barksdale Inc.

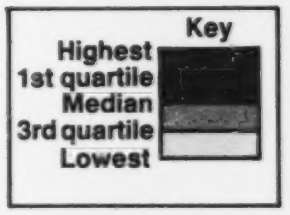


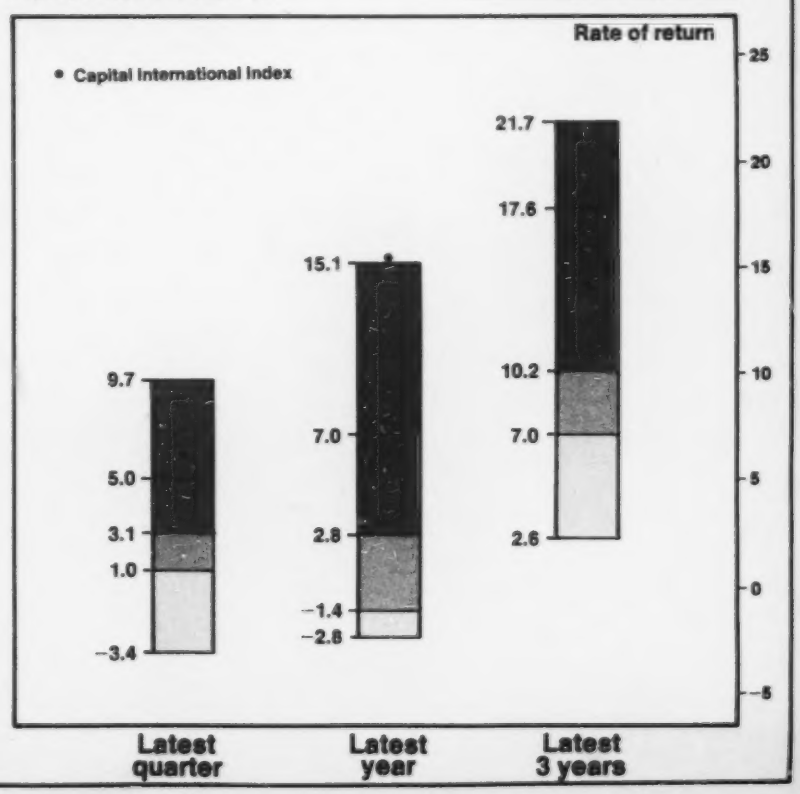


Pooled international funds of banks and insurance companies.

All periods ending September 30, 1984, and all figures, except latest quarter, are annualized total returns.

PIPER report compiled by Rogers, Casey & Barksdale Inc.





Top commingled special equity funds

3-month returns

	%
Republic Natl., Dallas	11.3
Fidelity Mgmt. Trust, Mass.	11.3
Prudential, N.J.	10.9
Trust Co. of Georgia	10.4
Merchants Natl., Pa.	10.3
Mellon Bank, Pa.	10.1
First Trust St. Paul	10.0
Mercantile Trust, Mo.	10.0
Standard & Poor's 500	**9.7**
First of Boston	9.6
Morgan Guaranty, N.Y.	9.5
American National, Minn.	9.5
Natl. Bank of Detroit	9.4
First of Chicago	9.2
First of Neenah, Wis.	8.8
First Pennsylvania Bank	8.6
Mid-State Bancorp, Pa.	8.5
United Virginia Bank	8.2
Shawmut Bank, Mass.	8.1
Wachovia Bank, N.C.	8.1
Manufacturers Hanover, N.Y.	8.1
Wachovia Bank, N.C.	7.9
HT Investors, R.I.	7.9
First Wisconsin Trust	7.9
Continental Natl., Texas	7.9
Seattle First Natl.	7.7
Sentry Life, Wis.	7.7
First of Neenah, Wis.	7.6
Prudential, N.J.	7.5
InterFirst Invt. Mgmt. Texas	7.5
Summit & Elizabeth, N.J.	7.3
Morgan Guaranty, N.Y.	7.3
Bank of Southwest, Texas	7.2
Chase Manhattan, N.Y.	7.2
Sovran Bank, Va.	7.1
American Fletcher, Ind.	7.0
Central Fid., Lynchburg	6.9
Trust Co. of Georgia	6.9
Trust Co. of the West	6.9
First of Boston, Mass.	6.6
AmeriTrust, Ohio	6.4
First of Maryland	6.2
Morgan Guaranty, N.Y.	6.0
Merchants National, Ala.	5.9
Oregon Bank	5.9

1-year returns

	%
Republic Natl., Dallas	21.0
Continental Natl., Texas	14.0
Prudential, N.J.	9.4
First of Boston	8.8
American National, Minn.	7.0
Natl. of Commerce, Tenn.	6.0
Shawmut Bank, Mass.	5.8
Mutual of New York	5.8
Standard & Poor's 500	4.7
Mutual of New York	4.7
Natl. Bank of Detroit	4.6
American Fletcher, Ind.	4.6
Wachovia Bank, N.C.	4.5
Provident Natl., Pa.	2.6
Mercantile Trust, Mo.	2.4
United Virginia Bank	2.3
Metropolitan Life, N.Y.	2.2
Manufacturers Hanover, N.Y.	2.2
Chase Manhattan, N.Y.	1.7
Merchants National, Ind.	1.5
Trust Co. of Georgia	1.4
First of Neenah, Wis.	1.0
First of Chicago	0.4
Manufacturers Hanover, N.Y.	−0.1
Pittsburgh National	−0.4
Oregon Bank	−0.4
Wachovia Bank, N.C.	−0.6
InterFirst Invt. Mgmt. Texas	−0.8
Old Second Natl., Ill.	−1.0
Chase Manhattan, N.Y.	−1.2
Fidelity Mgmt. Trust, Mass.	−1.4
Sentry Life, Wis.	−1.6
Mellon Bank, Pa.	−1.9
Bank of Southwest, Texas	−2.1
First of Maryland	−2.9
First of Neenah, Wis.	−3.1
First of Minneapolis	−3.2
Prudential, N.J.	−3.7
Morgan Guaranty, N.Y.	−3.9
First Pennsylvania Bank	−4.2
Sovran Bank, Va.	−4.3
Trust Co. of Georgia	−4.4
Bank of New York	−4.8
Morgan Guaranty, N.Y.	−4.8
Chase Manhattan, N.Y.	−5.6
Central Fid., Lynchburg	−5.7
Connecticut Bank & Trust	−5.7

3-year returns

	%
Security Pacific, Calif.	35.8
Provident National, Pa.	27.4
California First Bank	27.1
Wachovia Bank, N.C.	26.3
Chase Manhattan, N.Y.	24.4
First Pennsylvania Bank	24.1
Natl. City, Cleveland	24.1

Strong dollar . . .

Continued from page 29

ular, we built up our positions in Japan again."

Most of the fund's success during the third quarter was because of "excellent stock picking in Japan," he said. However, the fund's strong performance going out longer term was due to the top-down approach employed to determine market weighting geographically, he added.

In second place for the year ended Sept. 30 was First Chicago Investment Advisor's Dollar Fixed Fund, with a time-weighted total return of 11.3%.

Third was Guaranty Trust Co., Toronto, Ontario. That $27 million international equity fund had a 10.6% return for the year.

Placing fourth was Bankers Trust's $50 million International Equity Fund, with a return of 9.8% for the period.

Fifth was Crocker National Bank's Foreign Equity Fund, with an 8.8% time-weighted total return for the year.

For the three years ended Sept. 30, First Chicago Investment Advisors again placed first, with a time-weighted compound annual total return of 21.7%.

The EAFE had a 14.3% return for the three-year period; the median fund returned 10.2%.

In second place for the three years was IDS Trust, with a 17.6% return. Bankers Trust took up third place with a 13.2% time-weighted total return.

(Not as many of the international funds had three- or five-year track records, because it is a relatively new investment field.)

Because of the small number of funds involved in the tally, three different types of funds have been monitored as one group: equity funds holding stocks of non-U.S. companies; non-dollar fixed-income funds investing in bonds and short-term instruments denominated in foreign currencies; and dollar-denominated fixed-income funds. ■

The Chase Partnership at work. From left: Fran Crimbly, Director—Trust Investments, Schering-Plough Corporation; Reuel Stanley, VP Chase; John Sweeney, VP Chase; Marjorie Jones, 2VP Chase.

Global Custody Performance Measurement

Mercantile at Dallas	23.9
Connecticut National Bank	23.6
First of Maryland	22.5
Connecticut Bank & Trust	22.4
Chase Manhattan, N.Y.	22.4
Natl. Bank of Detroit	22.3
First Trust St. Paul	22.2
First of Boston	22.1
Norwest Bank, Minn.	22.0
Chase Manhattan, N.Y.	21.7
First of Chicago	21.7
Prudential, N.J.	21.7
Manufacturers Hanover, N.Y.	21.6
Prudential, N.J.	21.1
Central Fid., Richmond	20.8
United Virginia Bank	20.7
Morgan Guaranty, N.Y.	20.2
Bank of New York	20.0
Equitable Life, N.Y.	19.7
Merchants National, Ala.	19.6
InterFirst Invt. Mgmt., Texas	19.5
Bankers Trust, N.Y.	19.3
Continental Illinois	18.9
Mutual of New York	18.7
Central Fid., Lynchburg	18.5
Standard & Poor's 500	**18.5**

5-year returns

	%
California First Bank	34.3
Mercantile at Dallas	26.8
Continental Illinois	25.4
Northern Central, Pa.	23.5
Merchants National, Ala.	23.0
Norwest Bank, Minn.	22.8
Bankers Trust, N.Y.	22.6
Connecticut Bank & Trust	22.1
First of Maryland	22.1
InterFirst Invt. Mgmt., Texas	21.9
Chase Manhattan, N.Y.	21.9
Provident National, Pa.	21.5
Bank of Southwest, Texas	21.2
Natl. City, Cleveland	21.2
Chase Manhattan, N.Y.	20.6
Bank of America, Calif.	20.3
Equitable Life, N.Y.	20.2
First Pennsylvania Bank	19.8
First Interstate of Nevada	19.3
First of Chicago	19.2
United Virginia Bank	19.2
Chase Manhattan, N.Y.	19.1
First Trust, St. Paul	17.6
Metropolitan Life, N.Y.	17.5
Prudential, N.J.	17.0
Morgan Guaranty, N.Y.	16.9
Manufacturers Hanover, N.Y.	16.7
Mutual of New York	14.8
Standard & Poor's 500	**14.5**

10-year returns

	%
Mercantile at Dallas	31.5
Equitable Bank, Md.	29.1
Bankers Trust, N.Y.	25.6
Chase Manhattan, N.Y.	25.5
Provident National, Pa.	23.8
Connecticut Bank & Trust	23.3
California First Bank	23.3
Bank of America, Calif.	22.7
Manufacturers Hanover, N.Y.	22.6
Morgan Guaranty, N.Y.	22.3
Equitable Life, N.Y.	22.2
Republic Natl., Dallas	21.8
AmeriTrust, Ohio	20.1
Continental Illinois	20.1
Irving Trust, N.Y.	19.9
InterFirst Invt. Mgmt., Texas	19.6
Natl. City, Cleveland	19.6
Standard & Poor's 500	**15.7**

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The Chase Partnership

CHASE

Securities Lending Recordkeeping Benefit Payments

Commingled international funds

3-month returns

	%
First of Chicago	9.7
IDS Trust, Minn.	6.7
Capital International	**6.0**
Fidelity Mgmt. Trust, Mass.	5.7
Mellon Bank, Pa.	5.2
Prudential, N.J.	5.2
Republic Natl., Dallas	5.0
Bankers Trust, N.Y.	4.9
Centerre Trust, Mo.	4.6
American Security, D.C.	3.5
Bessemer Trust, N.Y.	3.5
First of Chicago	3.2
Guaranty Trust, N.Y.	3.1
Morgan Guaranty, N.Y.	2.4
Sovran Bank, Va.	2.4
HT Investors, R.I.	2.3
Crocker National, Calif.	2.3
Morgan Guaranty, N.Y.	1.3
Aetna Montagu, Conn.	1.0
Bank of America, Calif.	0.5
Prudential, N.J.	0.2
Prudential, N.J.	−1.3
Bank of America, Calif.	−3.2
First of Chicago	−3.2
Sovran Bank, Va.	−3.4

1-year returns

	%
Capital International	**15.2**
IDS Trust, Minn.	15.1
First of Chicago	11.3
Guaranty Trust, N.Y.	10.6
Bankers Trust, N.Y.	9.8
Crocker National, Calif.	8.8
Republic Natl., Dallas	7.0
Prudential, N.J.	6.9
Mellon Bank, Pa.	5.5
First of Chicago	5.1
Fidelity Mgmt. Trust, Mass.	4.9
American Security, D.C.	4.8
Aetna Montagu, Conn.	2.8
Sovran, Va.	2.3
Morgan Guaranty, N.Y.	0.7
Prudential, N.J.	0.0
Prudential, N.J.	−0.9
Bank of America, Calif.	−0.9
Morgan Guaranty, N.Y.	−1.4
First of Chicago	−1.5
Sovran, Va.	−2.0
Centerre Trust, Mo.	−2.1
HT Investors, R.I.	−2.2
Bank of America, Calif.	−2.7
Bessemer Trust, N.Y.	−2.8

3-year returns

	%
First of Chicago	21.7
IDS Trust, Minn.	17.6
Capital International	**14.3**
Bankers Trust, N.Y.	13.2
Morgan Guaranty, N.Y.	10.8
First Chicago	8.0
Bessemer Trust, N.Y.	7.3
Centerre Trust, Mo.	7.0
Crocker National, Calif.	2.6

5-year returns

	%
Capital International	**9.6**
Morgan Guaranty, N.Y.	9.5
First of Chicago	8.7
Morgan Guaranty, N.Y.	5.6

10-year returns

	%
Morgan Guaranty	16.9
First of Chicago	12.9

Pensions & Investment Age will review 1984 and look at the coming year in the Dec. 24 issue.

HUTTON
CAPITAL MANAGEMENT

Discipline Value Results

HCM

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2 Met Life pools take PIPER lead

NEW YORK — Metropolitan Life Insurance Co.'s two open-end real estate funds have moved to the top of the class from slow starts during their formative years, the Pensions & Investments' Performance Evaluation Report shows.

The funds have done so using a strategy of opportunism and moderate growth in total assets under management.

Fueled by the rehabilitation of a market-lagging regional shopping center, Metropolitan's equity pool for completed properties, the $100 million Tower Fund, had the best second quarter of the 40 reporting funds, at 7.3%.

The Tower Fund had the best year through June 1984, with a 24.4% return, followed by Metropolitan's older and larger developmental properties account, the $200 million Fund RE, with a 22.3% year.

Fund RE also is among the leaders of all open-end pools for three years (fifth with a 15.6% return), followed by the Tower Fund (15.2%). Fund RE remains strong for five years (fourth overall at 16.7%).

"We don't want to become what we now deem an index fund," John Emmanuel, Metropolitan assistant vice president, said about the Tower Fund.

That fund is Met Life's rough equivalent to Prudential's PRISA and Equitable's Separate Account #8, except it is much smaller (six pension fund clients) and younger (3 years old).

"We expect to do 150 to 200 basis points better than a jumbo fund with $1 billion and 100 properties."

The Tower Fund now holds 10 properties and likely will add five more worth $54 million by February.

While using a sell discipline to upgrade the fund, it will not own more than 75 properties. If after eight to 10 years it stops selling, distributions will be made back to clients.

Mr. Emmanuel estimated the fund could reach $750 million to $1 billion in six to eight years.

During the second quarter, Metropolitan made $4 million of improvements to Warwick Mall, a regional shopping center in Rhode Island that had been running second in its market.

Metropolitan found the average shopper was spending 40 minutes less than the national average in the mall. Its response was to put in new escalators, add a glass-enclosed elevator, more kiosks and common seating around a fast-food area and a new color scheme, among other touches.

The improvements brought an additional $2 million unrecognized gain to the fund, plus improved sales.

The 7.3% return breaks down to 3.4% income, 3.9% appreciation. Fixing up the mall was important,

Continued on page 45

7 guidelines for pension fund real estate investment, from the Mellon team.

Left to right: Theodore J. Moss, Jr., Vice President; Karin E. Shewer, Vice President; Robert L. Kinney, President; James T. Foran, Executive Vice President, Mellon Real Estate Investment Management Corporation.

Real estate investment can increase cash flows and asset growth while reducing portfolio volatility. For optimum performance, the portfolio must be designed with reference to the particular needs of your pension fund. Mellon's experienced Real Estate Investment Management Group has developed seven basic guidelines for pension fund investments. We've applied them successfully for major corporate and public pension fund clients for whom we manage over $500 million in real estate assets.

1. We design a real estate portfolio to meet your specific financial objectives and actuarial requirements.
2. We invest in both real estate equity and mortgage debt, as your objectives require. Interestingly, some of our clients find mortgage investments with their high returns and monthly cash flows to be the ideal fixed income alternative for funding current benefit payments.
3. We concentrate on investment-grade commercial and industrial real estate.
4. We emphasize current cash yields rather than staking the majority of your return on uncertain future appreciation.
5. For each individual client's portfolio we stress diversification by property type, location, and investment amount.
6. Our policy is to avoid hotels, fast-food operations, restaurants, and other management-intensive assets. We also avoid apartments with their potential rent control problems.
7. In general, our ongoing policy is to avoid highly specialized buildings which would not find a wide universe of users if existing tenants were to curtail their use.

This portfolio management approach gives you great flexibility to modify your investment policy in accordance with changing opportunities and market conditions. It also gives you the control that goes with distinct asset ownership—and your returns cannot be affected by other clients' liquidation decisions.

The collective fund alternative. For clients who require an even greater degree of diversification, or who are not in a position to make a major commitment of funds at this time, Mellon Bank sponsors closed-end real estate collective trust funds. The Mellon Real Estate Investment Management Group acts as investment adviser to these funds, applying the same basic real estate investment principles.

Unlike many collective funds, Mellon's have a fee structure tied to cash flow rather than to appraised values, so that fees directly reflect the performance of assets from an investor's viewpoint.

To find out how Mellon's management guidelines can work for you, call Bob Kinney, or Karin Shewer, at 212-702-4040, or write to them at Mellon Real Estate Investment Management Corporation, Mellon Financial Center, 551 Madison Avenue, New York, NY 10022.

Mellon Real Estate
Investment Management Corporation

Air rights . . .

Continued from page 41

Boston on the bay, leased the air rights from the MBTA for 99 years, then subleased them to the developers for the same period.

A more celebrated air rights development opened during the past two years in Boston: The $500 million Copley Place was built over the Massachusetts Turnpike — a more common occurrence compared to the MBTA case, Mr. Sayre said.

Mr. Sayre also said the precast concrete and glass structure, part of the North Quincy Office Park complex, is unique in another respect: "It's attractive," compared to the surrounding structures, he said.

The 200 Newport Ave. building has 3,200 square feet of retail space on the ground level and a three-story atrium lobby under a vaulted glass canopy. It's built in 22-foot columns and gives views of Boston, Quincy, the harbor and the countryside.

The developers said other office park space will be absorbed by the time 200 Newport Ave. becomes available next spring. The building brings the park to about 2 million square feet, and the absorption rate has averaged 200,000 square feet annually for 10 years. ■

2 pools . . .

Continued from page 44
because the $29.3 million property is more than a quarter of the fund and the largest holding in it.

In the third quarter, life gets better, Mr. Emmanuel said. In July, the fund scored a windfall on the sale of a small Silicon Valley industrial property in Malpitas, Calif.

Metropolitan bought the property in March 1982, for $5.4 million and sold it to Coldwell Bankers' seventh closed-end fund for $7.2 million, showing a 20.5% internal rate of return for 27 months of ownership, Mr. Emmanuel said. For the third quarter, the return was 11%, and 21.5% for the year to date, he said.

The 10-year-old Fund RE ranks low compared to the other eight funds its age or older: seventh, with an 11.7% annual return. It turned for the better in 1978, and except for a downturn in 1982, has been a good performer in the past five years.

The investment strategy is to get into joint ventures with Metropolitan's general account and developers in large properties, of an average size of $35 million. That's gotten Fund RE's $200 million, and its 24 pension clients, into pieces of 63 buildings. While this means added market and leasing risk, the fund invests in the properties on a cost basis, for 25% to 30% less than what the building would cost fully leased, Mr. Emmanuel said. ■

Mortgage . . .

Continued from page 41
open-end Multiemployer Property Trust Fund, which manages $180 million for 80 clients.

Kennedy took control of the land by purchasing it from the developer, Winpro Co. of Philadelphia, and leasing it back at a fixed rate for 33 years.

The land was bought to ensure the developer can't sell the property out from under the deal.

Mr. Wieneke said, on occasion, life insurance companies have set aside project money in forward commitments, only to have developers then secure a bullet loan from another source, leaving the original investor with no deal.

The building, a slender, mostly glass-faced structure at the corner of 15th and Ramstead, is topped out. The Philadelphia National Bank provided $38 million of construction debt to Winpro.

It will take 18 to 24 months to build, with an anticipated completion date of June 1985. It will hold 285,000 gross square feet, of which about 240,000 square feet is net rentable. All work on the project must be performed by union labor.

Upon completion, Kennedy will complete a forward commitment of $35 million to the developer, from which the land purchase price has been deducted.

Of the nearly $31 million balance put across then, $8 million will be put into escrow for tenant improvements and leasing commissions as tenants move in.

The take-out financing also includes a $2 million "rocket" — an incentive earn-out provision for the developer, to give Winpro the opportunity to justify certain projected leasing and net operating levels, such as rents of $28 per square foot.

Kennedy can make an offer to buy the building at 10 years, and it can't be sold before then. The developer has the option to syndicate his equity.

Kennedy does many forward commitments. "We find we get yields at least in today's marketplace better than current existing deals," Mr. Wieneke said. This is the adviser's first Philadelphia deal; others are in the works. ■

PIPER Open-end funds

These listings give the Pensions & Investments' Performance Evaluation Report open-end real estate fund results through the second quarter of 1984. Closed-end fund figures are on page 46.

3-month returns Top five returns

	%
Met Life Tower Fund	7.3
Massachusetts Mutual	5.1
Copley Real Estate	4.7
Phoenix Mutual	4.5
Corporate Property Investors	4.4

3-month returns Bottom five returns

	%
Chemical Bank	1.8
Seafirst Bank	1.8
Connecticut Mutual	1.5
Prudential's PRIMOR	1.5
Consumer price index	**0.8**
Prudential's MORISA	0.6

1-year returns Top five returns

	%
Met Life Tower Fund	24.4
Met Life Fund RE	22.3
Copley Real Estate	22.1
Equitable Account No. 8	19.0
Phoenix Mutual	18.4

1-year returns Bottom five returns

	%
Bank One (Ohio)	9.9
Republic National (Dallas)	9.7
Travelers	9.4
Citibank	9.3
Connecticut Mutual	6.9
Consumer price index	**4.3**

3-year returns Top five returns

	%
NCNB	17.9
J.P. Morgan	16.7
Phoenix Mutual	16.5
Chemical Bank	16.4
Met Life Fund RE	15.6

3-year returns Bottom five returns

	%
Third Nat'l. Nashville	10.7
Connecticut Mutual	10.6
Wachovia Bank	10.2
Travelers	9.3
Citibank	7.7
Consumer price index	**4.7**

5-year returns Top five returns

	%
J.P. Morgan	17.9
NCNB	17.2
Wachovia Bank	17.1
Met Life Fund RE	16.7
Chemical Bank	16.5

5-year returns Bottom five returns

	%
First of Boston	13.5
Wells Fargo	13.5
InterFirst	13.0
Bank of America	12.1
Crocker National	12.1
Travelers	11.9
Consumer price index	**7.5**

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Group saves . . .

Continued from page 41

24-month period, plus additional spin-off construction. The trade center already is 57% leased.

The foundation examined numerous proposals to make sure its financing was in compliance with ERISA, Mr. Schleisman said.

Sen. Storm, however, said he instigated the Labor Department inquiry because of his concern for the pension beneficiaries whose capital is at stake, about the viability and potential success of a project that has had a couple of false starts in its search for financing, and over who would buy out the pension fund interest if it came to that.

"I want to make sure the investment of the pension funds doesn't just push the project ahead to where we're going to have to have taxpayers take over," he said.

In late October, he sent the Labor Department a letter and documents. The department told Sen. Storm it would not step in until the staff report was completed; it did not indicate when that would be.

Mr. Schleisman said the idea for Minnesota's World Trade Center came from Gov. Rudy Perpich, who wanted a magnet for international markets in the state.

"Without the pension fund investment, the project would not have gone forward," said Mr. Schleisman. "There was no way to resuscitate it."

Sen. Storm agreed the pension funds saved the project, which originally had been depicted as one that would come out of the private sector.

The UDAG grant was not in the original plans. Sen. Storm wrote a letter to Housing and Urban Development Secretary Samuel Pierce urging the project not be approved. He said the grant request was turned down because St. Paul is a low-priority city for a grant based, in part, on criteria of unemployment and prevailing economy.

Also, St. Paul was reported to have significant federal housing grant dollars already, and skepticism existed on the ability of the developers to secure privately based financing.

"Then (the developers) scrambled and got the unions involved," Sen. Storm said.

Representatives of the foundation would not reveal which 11 of its 14-member union funds are involved, other than to say all but one of the major trades are represented.

"I think it would give them some adverse publicity" to identify the trade that is not involved, Mr. Schleisman said. Also, some contracts with the individual union funds are still in negotiation.

The board of trustees of the individual union funds are a mixture of management and membership, and the contractors and subcontractors who make up the management side don't get to work on every job.

"Not all trustees are willing to invest in specific projects, maybe because there's jealousy on who's going to get the work," Mr. Schleisman said. "They don't want to finance anything where one of their competitors is going to get work."

The foundation, which represents an asset pool of $400 million, is simply a forum for investing by the unions, Mr. Schleisman explained. Since its start in January 1983, the foundation has invested about $30 million in 20 projects, most of it in the form of interim construction financing. ■

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PIPER

Closed-end funds

3-month returns
Top five returns

	%
JMB I	6.7
Coldwell Banker I	4.6
Coldwell Banker III	2.8
Coldwell Banker IV	2.5
Coldwell Banker VII	2.3

Bottom five returns

	%
LaSalle Advisors	1.7
RREEF West IV	1.7
RREEF USA II	1.6
RREEF West I	1.6
RREEF Midamerica I	1.5
Coldwell Banker V	1.3
Consumer price index	0.8

1-year returns
Top five returns

	%
RREEF USA II	19.3
JMB I	18.9
LaSalle Advisors	17.5
RREEF West III	14.8
RREEF Midamerica II	13.6

Bottom five returns

	%
Coldwell Banker VI	10.2
Coldwell Banker III	9.4
Coldwell Banker VII	9.2
RREEF West IV	8.6
RREEF Midamerica I	6.9
Consumer price index	4.3

3-year returns

	%
JMB I	17.6
LaSalle Advisors	17.5
RREEF West I	15.8
RREEF West II	13.8
Coldwell Banker I	13.6
Coldwell Banker II	12.8
Coldwell Banker VI	12.3
Coldwell Banker IV	11.8
Coldwell Banker V	10.6
Coldwell Banker III	8.6
Consumer price index	4.7

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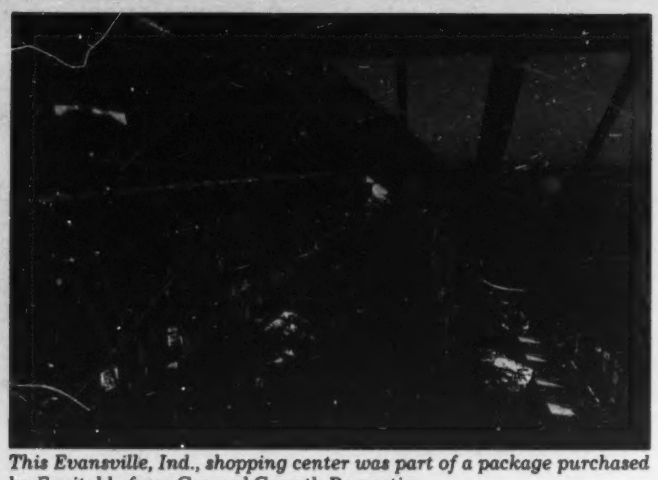

This Evansville, Ind., shopping center was part of a package purchased by Equitable from General Growth Properties.

California funds buy 97 buildings for cash

By Mark Westerbeck

NEW YORK — The two major California public pension funds have joined with Trammell Crow Co., the property development firm, to buy a diversified $315 million portfolio of commercial properties in the Pacific Northwest.

The California Public Employees' Retirement System and the California State Teachers' Retirement System each put up $150 million cash, and the Dallas-based developer put up the balance, to buy essentially the whole portfolio of Jack A. Benaroya Co., a Seattle development firm.

The transaction, completed Nov. 30, is unusual for its size and absence of debt.

The package was 97 buildings on 365 acres holding 8 million square feet of rentable space and 700 tenants in the Seattle metropolitan area and Portland, Ore. Included are five corporate parks, several office buildings, two retail properties and a major trade mart.

To meet the year-end sell deadline set by Benaroya Co., the deal required six months of intensive due diligence by the funds and their advisers, Equitable Real Estate Investment Management Inc. of Atlanta for the public employees' fund and Eastdil Realty Inc. of New York for the teachers' fund.

Douglas Sheldon, senior investment officer for real estate for the teachers' fund, said he hopes the deal dispelled the notion public funds can't act quickly on real estate decisions.

"It was a unique, landmark and gutsy thing to have taken this on and met the deadline," he said.

The Benaroya deal was part of a $1 billion day for Equitable. On Nov. 30, it also closed on the $705 million acquisition of 19 shopping centers from General Growth Properties, which included significant pension fund involvement.

Participants in the Seattle deal said Jack A. Benaroya, president of his firm and a well-known developer of industrial property in Seattle, sold his portfolio in anticipation of retirement. He reportedly will be retained as a consultant on the properties for a year.

The Crow firm — one of the nation's most prominent developers with more than $6 billion in realty

Continued on page 52

Late news

N.M. officials arrested

SANTA FE, N.M. — Deputy State Treasurer Ken Johnson and State Investment Officer Phil Troutman were arrested last week by the FBI on a federal charge of conspiring to extort $2,000 from Irving Trust Co., New York.

The two men managed state funds totaling more than $2 billion; including the State Permanent Fund, but excluding pension assets.

According to the affidavit, Mr. Johnson and Mr. Troutman told Irving Trust officers that if they wanted to do business with the state as a correspondent bank for the state's fiscal agent, the First National Bank of Albuquerque, they had to "ante up."

Mr. Johnson and Mr. Troutman suggested a $2,000 payment could

Continued on page 2

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$1 billion in 3rd quarter

Asset reversions soar

By Kimberly Blanton

WASHINGTON — Companies recaptured almost $1 billion by terminating pension plans with assets of $1.525 billion in the first three quarters of 1984.

The companies whose terminations are complete recaptured $972 million, or 63.7% of the assets of the terminated plans after buying annuities to cover the pension benefits of their employees.

This percentage of plan assets recovered in terminations is far higher than in previous years. For the same three quarters in 1983, companies recaptured only 44% of the $1 billion assets in the 89 plans they terminated in that period. For all of 1983, companies recouped on average 47% of the $1.555 billion assets in terminated plans.

At the end of the year, the portion of assets reverted shows signs of leveling off. The 72 companies seeking terminations pending Oct. 31 would together recoup another $795.7 million — 42.7% of their $1.9 billion pension assets.

In some cases, financial executives admitted that, for a variety of reasons, their pension plans were so well funded the temptation to terminate was too great. Those assets, they believed, could be better used to bolster the corporate financial position than to fatten pension coffers.

The Pension Benefit Guaranty Corp. made effective the termination of Grand Union Co.'s $22 million pension fund in March; more than half of that, $13.3 million, was returned to the company.

Harnischfeger Corp. recouped $38 million of its $74.7 million pension fund; Diamond International Corp. returned $65.9 million of its $116.8 million fund; Celanese Corp. recovered $325.8 million of a $430.8 million plan, according to a PBGC list of approved terminations obtained by *Pensions & Investment Age*.

The termination of The Great Atlantic & Pacific Tea Co. Inc. pension fund finally was made effective this year; the company recouped $272.9 million of its $355.1 million pension fund.

Companies with terminations still pending Oct. 31 include Peavy Co., which hopes to regain $20 million of its $48.8 million pension fund; GAF Corp., $18 million of a $82 million fund; Landmark Inc., $13.5 million of a $25 million fund; Lone Star Industries Inc., $42 million of a $102 million fund; Rexnord Inc., $25.3 million of a $72.3 million fund; and U.S. News & World Report, $17.7 million of a $32.7 million fund.

The Harnischfeger case illustrates the thinking behind recent terminations.

The Milwaukee company terminated its pension plan for salaried employees and returned more than half of the $74.7 million in the plan to the company to use as working capital, confirmed George Knight, general counsel.

Harnischfeger decided to terminate the plan, "because it was overfunded and we wanted to take out the excess assets," he said. The firm applied to the PBGC for the termination in early July, and it was effective Aug. 1.

Mr. Knight attributed his company's ability to recoup such a large part of the plan to several factors. Recession in the construction, mining and electrical equipment industry fell hard on Harnischfeger; it was forced to cut its employee numbers by half.

In two ways, high interest rates increased what Harnischfeger could get out of its plan.

First, investment income to the pension assets was "higher than anticipated," said Kenneth Keene, senior vice president of Johnson & Higgins, a consulting firm. Also, annuities cost less when interest rates are high, and Harnischfeger was able to provide for promised

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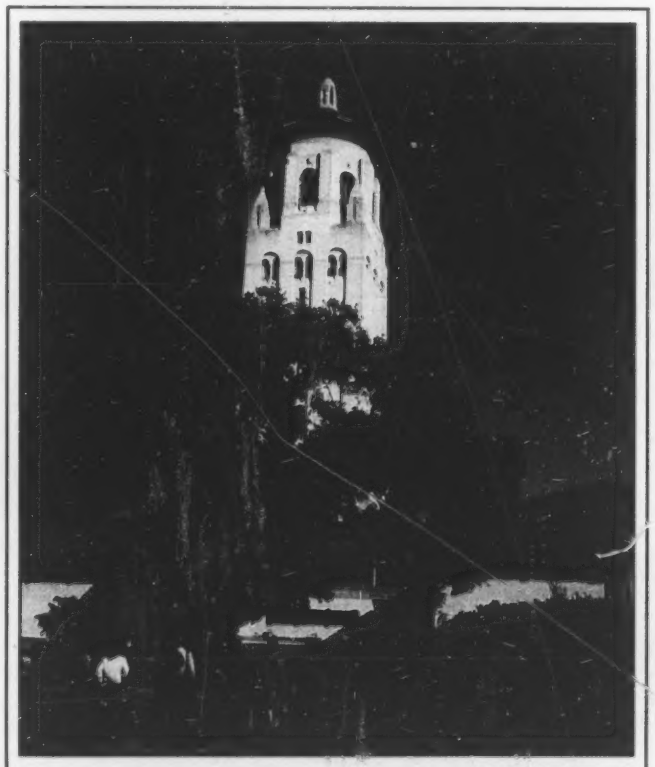

Photo by Steve Hammerick

Stanford University: With a goal of a 10% commitment, the university endowment is an enthusiastic investor in venture capital projects. About 8% of the $1 billion endowment is committed to the area. A special section on venture capital begins on page 13.

Ameritech dedicates $2.4 billion

By Barry B. Burr

CHICAGO — In its first pension investment move, American Information Technologies Corp. set up a $2.4 billion dedicated bond portfolio, probably the largest single dedication ever.

The dedication, regarded as a conservative investment strategy, will enable the $6.4 billion pension fund to pursue an aggressive course in investing the rest of its assets, said Donald W. Phillips, director of investment management.

Its other $4 billion "will be placed on a global perspective," he said. The fund will place perhaps half in domestic equities and the other half among venture capital, real estate and international investments, "which are the most inefficient (investments) and the ones which will give us the greatest return."

Ameritech used Goldman, Sachs & Co., New York, to execute the bond trades. They were done Dec. 3 in markets in London and the United States.

Mr. Phillips said the fund considered one other firm, Salomon Brothers Inc., to complete the trades. "But we didn't put it out to bid, which is popular now, as American Airlines did with First Boston."

"What gave Goldman, Sachs

Continued on page 52

Washington, Oregon may post $210 million

2 funds seek motel buy-out

By Steve Hemmerick

The Washington State Investment Board and the Oregon Public Employees' Retirement Association have agreed to put up as much as $210 million toward the purchase of a luxury motel chain, Red Lion Inn.

Other partners in the proposed buy-out include the New York investment firm Kohlberg, Kravis, Roberts & Co. and the management of the Vancouver, British Columbia, motel chain.

Terms of the purchase are being negotiated with two principals representing ownership of the chain, which has 52 inns in eight Western states. The total proposed purchase price hasn't been made public.

John Hitchman, executive director of the Washington board, said other investors now are beginning to make offers for the chain, and he isn't certain the deal will go through. But, he added, "I'm not writing this thing off."

Mr. Hitchman said he recommended "squeezing Oregon out" of the proposed deal, in part to obtain greater or complete control of the chain for the $5.4 billion Washington board and in part because Oregon's investments meetings are held in public.

A result, he said, has been to alert East Coast investment bankers to the deal.

A source with the Oregon fund commented, "They (Washington) tried to squeeze us out. That's great; we introduce them to the concept and they try to squeeze us out."

But James George, investment manager for the $4 billion Oregon fund, said it has been difficult trying to complete the deal in what he called "a goldfish bowl."

The Washington board is interested in the chain, Mr. Hitchman said, because it has "an outstanding operating record" with excellent locations and top management. If the deal is successful, which should be known by the end of the year, the present management will be retained, he said.

He also said the chain has been providing a "significant return," but he declined to specify the amount. Mr. Hitchman said the Washington board has agreed to spend $80 million to $160 million on the chain.

Mr. George said Oregon is willing to invest $35 million to $50 million "for stock" in the company.

No information was made available on whether Kohlberg, Kravis, Roberts would put up ready cash or would leverage its investment, and it is uncertain whether Red Lion's management would put up cash in the deal in addition to their service as managers of the inns.

Spokesmen for the Washington

Continued on page 51

6 pension plans join buy-out fund

By Rose Darby

NEW YORK — At least six pension funds will be partners in the first equity leveraged buy-out fund put together by Forstmann Little & Co.

General Electric Co. made the largest pension fund commitment — 20.2%. The other pension fund investors — GTE Corp., Hughes Aircraft Co., Minnesota Mining & Manufacturing Co., Sears Pension Trust and Texas Instruments Inc. — each made a 5.05% commitment.

Other partners in the $100 million fund include Standard Oil Co. (Indiana), 10.1%; Ivan F. Boesky, 5.05%; Lewis E. Lehrmann, 4.04%; Finabel America N.V. of Geneva, Switzerland, 5.05% stake; and Security Pacific Capital Corp., 5.05%.

In a related development, Forstmann Little has secured additional assets for a second subordinated debt and equity leveraged buy-out fund, according to Robert Johnston, president of Beacon Hill Financial Corp. in Boston.

This second subordinated debt and equity fund will be larger than the first, which was launched in mid-1983 and totaled $250 million when it was closed, explained Mr. Johnston. "It's strictly geared to large pension funds," he said.

While commitments already have been made to that larger fund, it still is open, he added.

In the equity fund, investments will be made in companies that are leaders in their industry and have heavy cash flows, said one pension fund executive whose fund had made a commitment.

The current slowdown in merger and acquisition activity was not an element in the pension fund's decision to invest because, "there are periods where investors get excited

Continued on page 51

Lyon move spurs employee suit

By Barry B. Burr

CHICAGO — Three employees, part of a group seeking to acquire Lyon Metal Products Inc. through an ESOP, have filed a class-action suit seeking to stop the reversion of $12 million from a terminated pension plan from being used in another proposed leveraged buy-out of the company.

The suit states the pension plan's terms expressly dedicated Lyon's contributions "irrevocably" to paying benefits, made no provision for surplus pension assets to be returned to the company upon termination and "flatly prohibited any amendment which would divert trust assets to 'any purpose other than the purpose of this plan.' "

The reversion of the surplus to Lyon is "unlawful and wrongful," the suit contends.

Lyon, located in Montgomery, Ill., notified the Pension Benefit Guaranty Corp. of the termination (*Pensions & Investment Age*, Sept. 3). In the third quarter, it reported a $7.15 million gain from the reversion.

The three employees filed suit against Lyon, its directors and officers and the First National Bank of Chicago as custodian of the pension assets.

The employees' attorney, Myron M. Cherry of the Chicago law firm

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Questionnaires overdue

Nov. 30 was the deadline for returning questionnaires for *Pensions & Investment Age*'s annual directory of the Top 1,000 pension funds in the United States.

Fund executives who have not yet returned their completed questionnaires are urged to do so as soon as possible.

The survey, one of the most comprehensive breakdowns of pension fund assets, is used as a reference by pension fund executives, money managers and industry researchers throughout the year.

Not only does it track the growth in assets, the *P&I Age* directory also shows changes in the overall asset mix and money managers. It details pension fund use of such alternative investments as options and futures, index funds, real estate, international investments, oil and gas, venture capital, guaranteed investment contracts and dedicated or immunized portfolios.

Late news

Continued from page 1

be disguised as a contribution to the 1984 Western States Treasurers Conference, the affidavit said.

The charge is expected to be presented to a federal grand jury later this month.

Ruling on divestment

EUGENE, Ore. — An Oregon state court ruled that requiring the University of Oregon endowment fund to divest itself of $3 million in stocks of companies that do business in South Africa would violate the state's prudent-person rule.

The decision, believed to be the first made on the issue, knocks down a 1977 resolution by the state's Board of Higher Education.

Funds involved in LBO

NEW YORK — American Telephone & Telegraph Co. and Eastman Kodak Co. reportedly were the pension funds that provided $36 million for the $120 million leveraged buy-out of the Lincoln National Development Corp.

Ruling on LIRR due

NEW YORK — The Long Island Rail Road might pay as much as $800 million to two retirement plans if a federal judge rules the plans are subject to the Employee Retirement Income Security Act.

No ruling ever has been made on whether the LIRR's two plans are private plans subject to ERISA, or whether they became public plans when the company was taken over by the New York Metropolitan Transit Authority in 1966.

Damson cuts back

NEW YORK — Damson Oil Corp., an institutional and retail vendor of oil and gas income funds, has asked the head of its institutional division to resign and has laid off close to 10% of the work force.

Sources view the actions as a prelude to abandoning the institutional market.

Insiders say Damson executives asked Richard DeFelice, vice president of the institutional division, to leave, and reassigned three other division employees to other duties.

Commercial CMOs

NEW YORK — Salomon Brothers has structured the first collateralized mortgage obligation backed by mortgages on commercial property and rated by Standard & Poor's Corp.

The $204.8 million offering created securities from 85 seasoned commercial mortgages, originated by Penn Mutual Life Insurance Co. It carried a triple-A rating from S&P and was sold by Penn CMO Corp., a subsidiary of the insurer.

Spokesmen for Salomon said insurance companies were the primary buyers for the security. It was not known whether pension funds were involved.

Badger to leave post

NEW YORK — William Badger is leaving his post as third deputy comptroller of New York City, where he oversees the $20 billion New York City Employees Retirement Systems.

Mr. Badger is leaving at the end of the year. His replacement has not yet been named.

Inco to terminate plan

NEW YORK — Inco United States Inc. is planning to terminate its defined benefit pension plan, which had assets of $238 million as of Sept. 30.

The move will generate $75 million to $100 million for the company, which is a division of Toronto-based Inco Ltd., said Elliot Romm, director of employee benefits. A new defined benefit plan will be established.

Late money movers

• TULSA, Okla. — Reading & Bates Corp. has revamped its almost $28 million pension plan, hiring Meridian Management Co., Little Rock, Ark., and Northern Capital Management, Madison, Wis., as equity managers, said Tom Sims, director-human resources.

Each will manage 40% of the plan's assets starting Jan. 1. The remaining 20% will be run in a fixed-income account with Tulsa's Bank of Oklahoma, previously a balanced manager for Reading & Bates.

Balanced managers First National Bank & Trust Co. of Tulsa, and Liberty National Bank & Trust Co. of Oklahoma City, are being dropped. First National will remain trustee.

• MINEOLA, N.Y. — Long Island Lighting Co. has brought in Oppenheimer Capital Corp., New York, and Neuberger Berman Pension Management, New York, to run equity accounts for its $100 million pension plan, said Merritt Fable, assistant treasurer. MH Investment Counsel continues as balanced manager.

• CHICAGO — Morgan Stanley Inc., as named fiduciary of the Teamsters Central States, Southeast & Southwest Areas Pension Fund, dropped equity managers Forstmann Leff Associates Inc. and Century Capital Associates and distributed the assets among the fund's five other equity managers, said George W. Lehr, the fund's executive director.

The two firms had managed about $200 million.

Futures & options

Utility puts $42 million in index futures

By Barry B. Burr

AKRON, Ohio — Ohio Edison Co. has shifted 12% of its pension assets into a stock index futures fund at Bankers Trust Co., New York.

The move is Ohio Edison's first in futures, said Richard H. Marsh, pension investment administrator.

The money went into Bankers' liquid index futures trust, or LIFT.

In the process, Ohio Edison dropped an equity manager and shifted that manager's $42 million (12% of the company's $335 million in pension assets) to Bankers.

The Bankers commingled fund was started in July and now has about $120 million from more than five pension funds, including GTE Corp., said Steven A. Lauer, vice president.

Mr. Marsh said the move was made in the first or second week of November when Ohio Edison replaced the equity manager. "This is the first manager we out-and-out terminated," he added. Bankers had run the company's entire pension fund until 1982 when Ohio Edison hired five other managers to share the management with the New York bank.

Mr. Marsh wouldn't name the manager, attributing the dismissal to an inappropriate investment style and problems with performance.

Outside sources said the manager was Century Capital Associates. However, Century Capital would not comment.

Ohio Edison turned the manager's equity portfolio over to Bankers, its master trustee, and Bankers put the money into the futures fund as it sold off the stocks.

Mr. Marsh said the $42 million will remain in the futures fund until Ohio Edison selects another equity manager, which might take several months. He said Ennis Knupp & Gold, Chicago, is helping in the search.

Mr. Marsh hailed Bankers' LIFT as enabling Ohio Ed to make the transition, while maintaining its equity position through the futures.

Without the futures fund, he said, "We might not have had such a smooth transition."

"It very well meets a plan sponsor's need when you have this kind of thing (a dismissal)," Mr. Marsh said. "There are enough costs associated with manager searches."

Of Bankers' futures fund, he said, "It's very liquid, it's low cost, it's convenient and it's an easy way to stay in equities.

"We are using it as an index fund, not for speculating or hedging. If it tracks the (Standard & Poor's 500) index, we'll be happy."

Mr. Lauer said the Bankers fund, without any additional risk, closely replicates the returns of the S&P 500 stock index by investing in S&P 500 futures. It allows participants to withdraw from or add to their accounts daily, compared with the perhaps monthly liquidity of a traditional passive S&P 500 stock index fund. Plus, he said the transaction costs of buying and selling futures are about one-tenth of those of trading stocks.

One futures contract is worth $500 times each point of the S&P 500 futures index, an index tied to the value of the S&P 500 stock index. Thus, if the S&P futures index is at 170, the value of the contract is $85,000.

Buyers, however, put up only a small margin in Treasury bills, typically 3% to 6% of the value of the contract, or roughly $3,000 to $5,000.

The rest of an investor's money is placed in short-term cash equivalents, such as Treasury bills or money market funds.

Through the futures contracts, investors participate in the gains or losses of the S&P 500 stock index.

With the cash equivalents, investors generate income, as a substitute for the forgone dividends.

Like similar commingled futures funds, Bankers' fund typically buys the nearest-term S&P futures contracts. Then, as the three-month contracts mature, Bankers sells them and buys the next nearest maturity.

Although it is designed to track the S&P 500, Mr. Lauer said LIFT also will buy futures contracts based on the New York Stock Exchange index. He said Bankers hasn't yet bought any of the NYSE futures for the fund. ■

Notes

$270 million managed

SAN FRANCISCO — Illustrating the growing use of futures, Mellon Capital Management Corp. reports it now has $270 million under management for its various futures strategies.

The firm uses the strategies to enhance the returns of its stock index funds.

Firms unite on method

NEW YORK — Two money managers are combining their specialties to offer pension clients "a risk-taking strategy" by using futures and options to enhance the returns of conventional passive equity management.

Wilshire Associates, Los Angeles, will set up the stock index fund, while BEA Associates Inc., New York, will trade individual stock options or stock-index futures contracts.

The two call their approach passive investment enhancement.

The popular attractions of passive equity management — market returns and low management costs — are combined with active futures and options trading to provide the extra return, the firms said.

They expect the strategy to provide a return of at least 100 basis points, or one percentage point, over the market index the approach would track.

"This new strategy is not the usual risk hedging strategy of writing covered call options" or of using futures, they said.

"It is a controlled risk-taking strategy that makes use of the latent investment power of the assets held in the indexed account to enhance returns."

At BEA, Jeffrey A. Geller, vice president, added, "We're trying to deliver pure market returns plus arbitrage profits we can find by substituting futures and options."

For example, he said, instead of purchasing common stocks and holding them, as with conventional passive equity funds, BEA will buy futures or options when they offer the opportunity for profits over the stocks.

"If it makes sense to liquidate stocks and own the (underlying) call (option), we will do it," Mr.

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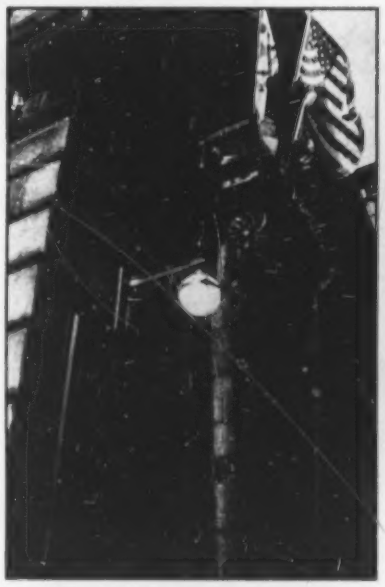

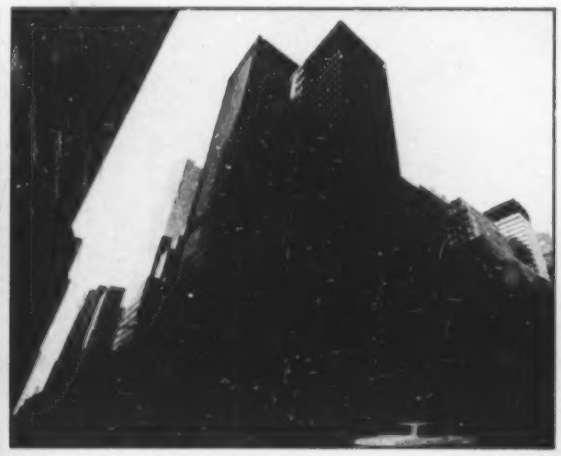

Northern Trust, left, has stopped accepting new clients for its S&P 500 futures fund; Bankers Trust, above, is reviewing requirements for its fund; and Chase Investors doesn't offer a stock index futures fund because of regulatory uncertainty.

Photos (center and right) by Arnie Adler.

Banks concerned about regulations

Growth of futures funds slows

By Barry B. Burr

CHICAGO — Concern about meeting regulatory requirements has caused The Northern Trust Co. here to stop accepting new pension fund clients for its Standard & Poor's 500 futures fund.

Bankers Trust Co., New York, is reviewing the regulatory requirements that apply to its S&P 500 futures fund, which has $120 million from about six pension funds.

Officials at State Street Bank & Trust Co. of Boston declined to comment about any regulatory issue regarding the State Street S&P 500 futures fund, which has about $165 million in pension assets.

William E. Gundy, a State Street vice president, said, "We're not in a position to make a comment. . . . As you know, a number of banks are having discussions over this."

The concern over regulatory requirements has slowed other bank trust departments from setting up similar commingled futures fund.

Northern, Bankers and State Street are believed to be the only three institutions offering such commingled futures funds to pension funds.

Northern had expected to have $100 million in its fund by year end, but the suspension of new accounts apparently will hinder that.

At Chase Investors Management Corp., Eric J. Seff, vice president, said the firm has no commingled futures fund because of the uncertainty over regulatory requirements. He said it manages only separate accounts for pension funds in S&P 500 futures.

Mr. Seff said, however, that Chase plans to establish such a commingled fund, but only after it believes it has satisfied any regulatory requirements. Mr. Seff believes commingled futures funds might have to comply with certain federal registration and reporting rules.

The concern involves primarily regulations of the Commodity Futures Trading Commission, the federal agency that oversees futures. CFTC officials were reluctant to comment on the futures funds.

The concern doesn't involve the use of stock-index and interest-rate futures by pension funds, or the returns or the propriety of the futures investment strategy employed by the trust departments. Under the Employee Retirement Income Security Act, pension funds operate under a "prudent person" rule, basically allowing any kind of investment.

Rather, the concern exhibited by Northern Trust, Bankers and Chase, among others, focuses mainly on whether the commingled futures funds have to register with the CFTC as commodity pool operators and comply with reporting requirements, or have to seek specific exemption from CFTC regulations.

At the Department of Labor's office of regulations and interpretations, John S. Hunter, employee benefit plan specialist, said ERISA's prudent person rule doesn't pre-empt other federal law.

Just as money managers investing in stocks for pension funds have to register with the Securities and Exchange Commission, he said, those using futures might have to comply with registration requirements of the CFTC.

According to the CFTC, no trust department offering such futures funds has registered as a commodity pool operator.

Two banks, Harris Trust & Savings Co., Chicago, in 1981, and Frank Russell Trust Co., Tacoma, Wash., in 1983, in requests concerning their use of futures for pension fund clients, received opinions from the CFTC that they are not commodity pool operators.

The opinions, however, aren't directly applicable to the current issue. Neither Harris nor Frank Russell offers futures funds like those at Northern, Bankers and State Street.

The rapidly growing use of financial futures by pension funds, in trading volume and in various investment strategies, has spurred debate over the extent futures regulations ought to apply to such institutional use as opposed to the regulators' longer standing oversight of users of traditional futures, such as farm commodities.

At Northern Trust, Timothy Ritchie, trust counsel, said, "After nine months of operation, we decided it was time to look at the

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Growth slows . . .

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pooled fund to make sure we were in compliance of all rules and regulations."

In March, Northern Trust set up a commingled futures fund called Equiff (equity index futures fund). It is designed to replicate the returns of the S&P 500 stock index by trading exclusively in S&P 500 futures, rather than the equities.

Its operations and objectives are similar to the other bank commingled futures funds.

Bankers Trust began LIFT, its liquid index futures trust, in July. State Street, the first with such a futures fund, set up SPIFF (stock performance index futures fund) in November 1982, not long after the S&P 500 futures began trading.

All the banks have described their futures fund as a twist on money market funds.

Like money market funds, the futures funds offer clients the ability to trade in and out of the fund daily; typically, a stock index fund offers only monthly liquidity.

But the futures fund returns, instead of being tied to interest rates like money market funds, are tied to the S&P 500 like the returns of conventional passive equity funds made up of the stocks of the S&P 500.

"It has the liquidity of a money market fund with the returns of a stock index fund," Lyle H. Davis, State Street's senior vice president and chief investment officer said recently.

The three banks now offering the commingled futures funds and pension funds have reported their returns closely track the returns of the S&P 500 stock index.

The popularity of the investment has grown rapidly (*Pensions & Investment Age*, Sept. 17).

The Financial Institutional Retirement Fund, White Plains, N.Y., has had as much as $13 million of its $600 million pension fund with State Street's SPIFF. In late November, it had about $8 million to $10 million in the futures fund, said Horace Caulkins, investment officer.

CIBA-Geigy Corp. has $15 million to $20 million in SPIFF and $10 million in SPIFF-plus, a fund that swaps between the S&P 500 futures and the S&P 500 stocks, holding one group or the other, depending on prices. In all, CIBA-Geigy has about 10% of its $350 million pension fund in the futures funds.

GTE Corp. officials said the firm has pension money in both State Street's and Bankers Trust's futures funds.

Mr. Davis said another State Street client used the fund for a day for $20 million.

"We've had another (pension) fund who was changing managers who parked the money, $50 million, in our (futures) fund for three months," he said. "That was (started) in mid-July. He got the August (market) rally." The client moved the money out of the fund several weeks ago, Mr. Davis added.

Northern, with $25 million in its futures fund in August, had expected to reach $100 million by the end of the year.

Northern's Mr. Ritchie said the suspension of new accounts, which began in October, likely will remain until mid-December, when a review of regulations is finished.

"We wanted to make sure we weren't doing anything improper," said Mr. Ritchie.

"We are investigating the whole panoply of regulation that might affect this fund. We probably are in compliance of the rules. But we don't want to (cause) our customers problems."

So far, he said, "We haven't come to any great conclusion of how we should proceed."

He said Northern has contacted the CFTC and banking regulators in Illinois and Washington.

"Prudent banking practices are of great concern to regulators," he

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Geller added. The criteria for using the options and futures is: "Can we own the stock in a more efficient way?"

Or, he said, BEA will buy stock index futures contracts when they are cheap compared to the market index.

Wilshire would construct any index to duplicate the market returns a pension client prefers, such as the Standard & Poor's 500 or the Wilshire 5000 stock indexes, Mr. Geller said.

To market the strategy, the two firms are targeting the 50 to 100 largest corporate and public pension funds.

Pension clients can open accounts with a minimum of $25 million or a maximum of $200 million. Mr. Geller said Wilshire and BEA together will charge a flat 35 basis points, or 0.35%, of assets managed.

MMI futures rocket

CHICAGO — Trades in the major market index futures contract have taken off more rapidly than the other stock market index futures, the Chicago Board of Trade reported.

The MMI futures, the newest of the stock market index futures, tracks the returns of the Dow Jones industrial average.

"Volume in the MMI futures contract has grown faster than any other futures contract during the first few months of trading," said Thomas P. Cunningham, chairman of the CBOT, where the MMI contracts are traded.

Cumulative volume in the MMI futures broke the 1 million mark Nov. 9, the CBOT said. In the 79 trading days since the contracts' introduction July 23, cumulative volume reached 1,010,781.

By contrast, the CBOT said the Standard & Poor's 500 futures, traded on the Chicago Mercantile Exchange, took 88 trading days to break the 1 million mark.

The New York Futures Exchange's contract of the New York Stock Exchange composite index futures took 129 days, the CBOT said. The Value Line index futures, traded on the Kansas City Board of Trade, took 386 days.

MidCon suggests 6 qualities to look for in evaluating pipeline companies.

Deregulation and competition create problems for some companies, opportunities for others. Here's how to pick the winners:

1. Is the company structured for flexibility? A flexible company can capitalize on change and uncertainty. MidCon is flexible by design. In many different areas, including supply, marketing, and cash flow. This approach–developed to deal with the uncertain Eighties–has already proved itself. Our fiscal 1984 net earnings set a record.

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4. Can it market gas at competitive rates? In the current environment, a company has to sell gas at competitive prices. MidCon's market includes deregulated areas where we gain share of

Growth of futures . . .

Continued from page 28

said. "If you are doing something imprudent or improper, it might result in liability for the bank."

Mr. Ritchie said Northern reviewed regulations before setting up Equiff. But, "as thoroughly as this (current review)? No," he said.

The Northern suspension doesn't affect pension funds with existing Equiff accounts, he said.

At Federal Express Corp., a Northern futures client, Jeffrey O. Drinan, manager of trust investments, said, "Their legal people indicated they have some problems.

"I don't understand the legal issue; I suppose they have to cover themselves. I'm surprised they didn't investigate this up front."

Federal Express, which put in $5 million shortly after the Northern fund opened, had $1 million to $2 million in the account the last week in November.

Mr. Ritchie, in an interview, wouldn't elaborate on the regulatory concerns of Northern.

At Bankers, Charles Marticornea, assistant vice president, said its fund isn't registered as a commodity pool operator, nor had it sought an exemption. "This issue of nonregistration is still an issue as far as I know," he added.

Mr. Marticornea declined to discuss the Bankers review, saying only, "There are other legal areas we are exploring that may give us leverage over our competitors."

An official of a $3 billion East Coast pension fund with several million dollars in one of the bank futures funds said of the issue, "This comes out of left field." He added, "It's a technicality, we understand."

A CFTC staff member working on the issue said it appears "if your intention is to use futures as a surrogate, then you have to register."

Speaking of the banks' futures funds, the staff member said, "The way I understand they want to use stock index futures definitely is not hedging. If they are offering investment purely in futures, they would be pool operators; that's exactly what they are doing."

Growth in trading of S&P 500 stock index futures contracts

Year	Volume
1982*	2,935,532
1983	8,101,697
1984	10,169,096**

* contracts began trading 4/21/82
** As of 10/31/84
Source: Chicago Mercantile Exchange

The official wouldn't comment specifically on the individual bank futures funds, but indicated only Northern has been in touch with the CFTC on the issue.

The official pointed out the issue "is extremely complicated. We are sort of struggling with how to articulate our rules."

The official added, "Now there is a lot of interest in the use of surrogate index funds to park cash, of not having to buy the underlying securities but of getting the market return. That is the single most controversial area of the use of futures, as a surrogate."

Since earlier this year, the CFTC has been reviewing whether to continue to apply commodity pool operator registration to the use of financial futures by pension funds and institutional money managers (*P&I Age*, April 30).

The CFTC has a proposal to exempt from registration trust departments, investment managers, insurance companies and pension funds. But they would only qualify for the exemption provided, in part, if they used futures only for "bona fide hedging" as defined by the CFTC.

Perry L. Taylor Jr., an attorney with the Chicago-based law firm of Katten Muchin Zavis Pearl & Galler, has said the proposed exemption will surprise many institutional futures users because "they didn't know they had to register in the first place."

Mr. Taylor's firm represents pension funds and money managers on futures matters.

At Goldman, Sachs & Co., Gary L. Seevers, vice president in the commodities department, said the proposed exemption is too limiting in the criterion allowing only hedging. Thus, he said, institutional users might still have to register as commodity pool operators.

"I believe a case could be made they don't have to register, but it is a gray area," said Mr. Seevers, who formerly worked in the CFTC.

Mr. Seevers said the prudent person regulations ought to be sufficient for institutional financial futures use; CFTC regulations would be redundant.

"It is an area of regulatory uncertainty and it is important to clarify and to clarify soon," Mr. Seevers added. "It could inhibit institutional use of futures."

William Anthony of the Chicago law firm Abramson & Fox, said, "I don't think the CFTC is likely to loosen these constraints," requiring futures funds to either register as commodity pool operators or seek an official exemption.

"It's hard to call it a hedging strategy if you don't own the S&P index or contemplate buying it in the future," he said.

There are efforts from many fronts to expand the type and use of futures.

As William J. Brodsky, the Chicago Mercantile Exchange's executive vice president, said recently, "If the food industry can offer 27 different types of granola bars, I see no reason the futures industry can't offer several different kinds of futures contracts and slug it out in the marketplace."

At Chase, Mr. Seff said, "We are waiting for clarification of the regulations on whether one has to register or not. Those clarifications aren't forthcoming."

Mr. Taylor, the attorney, said, "It's not clear whether they have to be registered as (commodity pool operators). What is clear is the (commodity pool) registration provisions were never intended to deal with that kind of investment vehicle. . . . (Futures funds) are designed not to speculate but to replicate another type of investment. What you have is a vehicle that falls between the cracks." ■

HOW TO SPOT THE CHAMPION AMONG THE THOROUGH-BREDS.

market by giving consumers the best rates available. Competitive pricing pays off in regulated markets, too. Example: Within nine months after becoming part of MidCon, Mississippi River Transmission Corporation cut its prices, increased its market share, and doubled its earnings.

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1. Ability to buy gas at low cost.
2. Ability to market gas at low prices.
3. Strong cash flow.
4. Ability to make the right acquisitions at the right times.
5. Strong, experienced management.

For more information on our plans for the Eighties, contact Kathleen Vuchetich, Manager, Investor Relations, MidCon Corp., 701 East 22nd Street, P.O. Box 1207, Lombard, Illinois 60148. Or phone (312) 691-2557.

MIDCON CORP.

SEC shift may curb small-fund moves

By Mark Westerbeck

WASHINGTON — In a change of policy, the SEC won't assure two trust companies that their proposed commingled funds would comply with securities law if the companies don't register as investment advisers.

The change may reduce the investment choices of small pension plans that are most likely to rely on the commingled funds offered by the independent state-chartered trust companies.

Frank Russell Co. established the model trust company to service small and medium-sized pension funds. The Frank Russell Trust Co. offers those funds a selection of commingled funds managed by groups of managers selected by the Frank Russell Co., a top investment management consulting company.

The development of the concept was important to small pension funds because it gave them access to the expertise of consultants such as the Russell Co., whom they could not afford to hire directly. It also gave them access to a portfolio run by a diversified group of highly regarded money managers they otherwise would be too small to employ.

The Securities and Exchange Commission signaled the change in policy by refusing to grant "no-action" letters to Bankers United Trust Co. of San Antonio, Texas, and Franklin Trust Co. of San Mateo, Calif., which planned to offer collective investment funds.

This is a distinct change from a precedent-setting no-action ruling given to the Frank Russell Trust Co. just two years earlier. That position, reiterated in similar, subsequent letters, has allowed state-chartered trust companies to operate without registering under the Investment Company Act of 1940, the Securities Act of 1933 and the Securities Exchange Act of 1934.

The commission has changed its focus for granting no-action letters from whether a trust company is "maintaining" collective trust funds as if it were a bank to the

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Late news

Assets liquidated

CHICAGO — To eliminate entirely its unfunded liability, the United Food & Commercial Workers International Union multiemployer pension plan liquidated most of its $735 million in pension assets to buy $600 million in annuities from Metropolitan Life Insurance Co. for active and retired participants.

Trustees also set up a new defined benefit plan unencumbered

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Pensions & Investment Age

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McLaren ousted as California chief

By Steve Hemmerick

SACRAMENTO, Calif. — Trustees of the California State Teachers' Retirement System have dismissed their chief executive officer, C. Michael McLaren, from his $83,500-a-year job.

The reasons for the dismissal are not known. The trustees declined to comment on the 10-0 vote; Mr. McLaren said he never was given a reason.

But the dismissal didn't delay the hiring Dec. 12 of the fund's first permanent outside bond managers, something trustees had waited almost 18 months to do.

Hired were: Loomis, Sayles & Co. Inc., Boston; Manufacturers Hanover Investment Corp., New York; Scudder, Stevens & Clark, San Francisco; Miller, Anderson & Sherrerd, Bala Cynwyd, Pa.; T. Rowe Price, Baltimore; Stein Roe & Farnham, Chicago; and Pacific Investment Management Corp., Newport Beach, Calif.

The new managers will share $2 billion of the $13 billion in assets held by the system. The trustees declined to say how much each manager will get.

In another development, officials of Frank Russell Trust Co., Tacoma, Wash., said the consulting firm decided not to seek renewal of its one-year contract with the pension fund to help select managers.

Robin Miller, assistant chief executive officer for the retirement system, said the decision to discontinue the relationship was "mutual." The contract expired Dec. 5.

The dismissal of Mr. McLaren had to be a blow to the retirement system. He was the first permanent piece in the structure that the teachers' system had put together after a divorce from the internal investment management operations of its sister fund, the California Public Employees' Retirement System, in July 1983.

Robert F. Roberts, deputy chief executive officer, has been named interim chief executive officer. Mr. Roberts is the fourth chief executive officer, interim or not, the teachers' system has had in 12 months and has said he will ask an executive search firm to find a successor to him.

Michael Thome, a longtime chief executive officer for the teachers' system, said he was forced into retirement by the trustees last December, and Rick Cohen, an interim chief executive officer, left in August.

Until August, Mr. McLaren had been executive director of the Minnesota Public Employees' Retirement Association, and served on an advisory committee that helped select some managers for the Minnesota State Board of Investment, according to an aide to Minnesota State Sen. Donald Moe.

Sen. Moe is chairman of a Minnesota Senate Governmental Operations Committee that was set up to examine the events surrounding the appointment of Mr. McLaren's

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Harcourt Brace, AMF

2 terminate plans

By Chuck Paustian and Mark Westerbeck

Two more companies — Harcourt Brace Jovanovich Inc. and AMF Inc. — are terminating their pension plans and recovering large percentages of the assets.

Harcourt Brace Jovanovich will recoup more than two-thirds, or about $50 million, of its $74 million pension plan.

AMF will recover about half of the approximately $200 million in its pension plan for salaried employees.

Both terminations are effective Dec. 31.

J. William Brandner, senior vice president, treasurer and chief financial officer at Harcourt Brace Jovanovich, said the company will turn over the excess assets to a newly established employee stock ownership plan. The ESOP, in turn, will use the $50 million to purchase newly issued stock from the company.

The publisher's stock was trading at 43¾ Dec. 19. At that price, the ESOP could purchase 1,142,857 shares. The company now has 9,390,000 shares outstanding.

In a letter to plan participants, the publishing company said the excess assets would not be used for "corporate financing purposes." The same letter said cash derived from the sale of the new stock would be used to "reduce the company's long-term debt and to expand its present operation."

In AMF's case, the cash is designated for a number of possible purposes, including acquisitions, development of new products and reduction of debt.

"There's some liquidity there that can be put to better use," said Arthur M. Warren, AMF vice president and assistant treasurer. "We want to take advantage of the assets without hurting the employees."

Mr. Brandner said the Harcourt

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Johannesburg, South Africa: Debate grows over investment in companies that do business there.

Investments by public funds fuel debate on South Africa

By Joel Chernoff

WASHINGTON — While demonstrations against South Africa's apartheid policies are stepping up across the country, actions involving public pension funds are adding more fuel to the debate.

In Eugene, Ore., a state circuit court judge held that requiring the Board of Higher Education endowment fund to divest itself of $3 million in stocks issued by companies that do business with South Africa would violate the state's "prudent man" rule.

"It's a cold shower of reality for this whole heated thing," said Roy Schotland, a Georgetown University Law Center professor who testified against divestiture.

Meanwhile, the New York City Employees Retirement Systems submitted shareholder resolutions to 19 U.S. firms that do business with South Africa, including General Signal Corp., Martin Marietta Corp. and General Motors Corp.

Most of the resolutions would require the companies to adopt the Sullivan Principles' equal employment opportunity guidelines, though a few would require ending sales of equipment to South Africa military police or government

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A.H. Robins ups equity with realty

By Joel Chernoff

RICHMOND, Va. — A.H. Robins Co. Inc. has restructured its $60 million pension fund, hiring its first real estate manager, according to Herbert Nichols, director of employee benefits.

Mr. Nichols views the change as a more aggressive equity posture because he considers real estate an equity investment.

With stocks now comprising 50% of plan assets and real estate equity accounting for 15%, he said the Robins fund now has 65% committed to equities.

Previously, the fund had a maximum equity exposure of 60%, but actual practice was closer to 50% invested in stocks, Mr. Nichols said.

Among the manager changes resulting from the restructuring, CFB Advisory Corp., a unit of Central Fidelity Banks Inc., Richmond, will run $15 million in equities, down from the $32 million it had been allocated.

Of the $17 million left from CFB, Trustee & Investors Co. Inc., Boston, was given $15 million to run in equities. The remaining $2 million of CFB's previous commitment was placed in Prudential Insurance Co.'s PRISA fund.

In addition, $4.5 million in new

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Behind the scenes in Hollywood

Funds invest in films

By Steve Hemmerick

The Oregon Public Employees' Retirement System has made a $10 million investment, and the Eastern Air Lines Variable Retirement Plan for Pilots has made a smaller one, in a limited partnership that will help finance 10 motion pictures.

One industry source said that while he believes there might have been previous pension fund investments in the film industry, he could not think of any. The source said he does not believe any other pension funds are involved in the current deal.

The investments were made with the Embassy Film Associates partnership, which will provide financial backing for motion pictures from Embassy Pictures, which is owned by Embassy Communications, Los Angeles.

The first picture that has received backing from the partnership is called "The Sure Thing." It is expected to be released soon and was directed by Rob Reiner, who rose to fame in the television series, "All in the Family."

But the major film receiving financial backing from the partnership, according to sources, is the film version of the musical play, "A Chorus Line." It is expected to be released around Christmas 1985.

Embassy Communications, a privately held company, is owned by Norman Lear, former producer of "All in the Family," and Jerrold Perenchio, who built his reputation as a sports promoter.

Other Embassy Communications subsidiaries, which include Tandem Productions and T.A.T. Communications Co., produce television shows and video cassettes.

James George, investment manager for the Oregon fund, said the amount invested in the partnership is 0.25% of the fund's $4 billion assets, and is considered a venture capital investment by the fund.

Mr. George said his fund is trying to increase its investment in venture capital to produce up to double normal market returns in the long term. He said the fund has about $65 million committed to venture capital, and hopes to have $200 million invested by the end of 1985.

According to a spokesman for the Eastern pilots' fund, there were a number of limited partners committing capital to Embassy Films, but the names were not immediately available.

The spokesman said the fund didn't use the words "venture capital" in connection with the investment because "we are not too keen on venture capital." He did not comment further.

Sources estimated the total investment by limited partners in the partnership at $50 million to $100 million.

Wilshire Associates, Santa Monica, one of two consulting firms to the Oregon fund, was told of the investment in Embassy Films, according to Clay Myers, Oregon state treasurer. No one from Wilshire Associates would comment.

According to a spokesman for Embassy Communications, the average film costs between $15 million and $20 million, and can have returns of up to $500 million.

No information was made available on the amount or percentage of each film cost that would be paid by the partnership, nor was information available on how the partnership would share in the profits.

Some recent Embassy releases include "This is Spinal Tap," "Eddie and the Cruisers," "Fanny & Alexander" and "Ballad of Gregio Cortez." A company spokesman declined to say how well the films had done.

According to the trade paper "The Hollywood Reporter," Embassy Pictures had no films in the paper's weekly list of the top revenue grossing films for Oct. 19 to Dec. 6.

It did have one film among the top grossing films during the week of Oct. 12 to Oct. 18, the movie called "The Bear." That movie's total gross revenue, as of Oct. 18, was $2,687,148.

An analyst for Davis Skaggs/Shearson American Express, San Francisco, said he is one of the few analysts that follow Embassy closely. The analyst said he asked "various people" about whether to answer some questions about the

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Contribution, advisers cut

By Barry B. Burr

WEST POINT, Ga. — Butting up against the full-funded provisions of the Internal Revenue Service, Westpoint Pepperell Inc. is cutting its annual pension contributions by more than half to $2.2 million and is restructuring the bulk of its pension investments.

Marshall Morton, treasurer, said the fund is replacing the four managers running most of its $69 million in pension assets with the mutual-fund consulting services of William W. Lowry & Associates, Atlanta.

The fund is dropping two balanced managers, Trust Co. of Georgia, Atlanta, and Hibernia National Bank, New Orleans, and two equity managers, MacKay-Shields Financial Corp. and Brundage Story & Rose, both of New York.

The $54 million they ran will go to Lowry, as well as another $6

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Foundation in Monks' future

WASHINGTON — Robert Monks likely will serve in a top post at Lambert Brussels Corp., as well as launch a foundation to handle institutional investment issues, after he leaves his U.S. pension administrator's post Jan. 20.

Lambert Brussels, a New York-based holding company, owns, on a fully diluted basis, 36% of Drexel Burnham Lambert, the privately held investment banking firm, according to Drexel's 1983 annual report.

Mr. Monks is the American partner of Lambert Brussels, whose other partners are the former French owners of Banque Paribas (Suisse), which was nationalized several years ago by the French government. Sources said Mr. Monks is up for the job of chairman of the executive committee.

Lambert Brussels has three wholly owned subsidiaries: a financial unit, a holding group and a real estate unit.

Mr. Monks said he doesn't think it is appropriate to comment on his plans at this time, although he has said he plans to stay in Washington. He acknowledged he might try to establish a foundation to deal with institutional investment issues.

He didn't specify the foundation's functions, but said it might form the framework for a self-regulatory organization that would take the first crack at prohibited transaction requests, a concept he advocated before the National Pension Forum. That proposal, so far, has met with a mixed response.

The foundation also could provide a basis for a shareholder council for private pension funds, similar to that being assembled for public funds by California State Treasurer Jesse Unruh, Mr. Monks said.

It is still far from certain who might replace Mr. Monks at the Department of Labor. Sources said Mr. Monks has pushed the candidacy of Janet Brown, a special assistant at the department whom the administrator brought on board from the Office of Management and Budget.

Mr. Monks said he did not advance Ms. Brown's name, but that she "would be a fine successor."

Some observers question whether Ms. Brown has adequate pension experience and political clout to obtain the job.

In any event, many think a new administrator will not be named until the future of Labor Secretary Raymond Donovan, who is under indictment, is clarified. Sources said action at the Labor Department is virtually at a standstill. ■

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Late news

Continued from page 1

by the past service liabilities, and so far have contributed $50 million.

Goldman, Sachs & Co. oversaw the liquidation of about $500 million in stocks and bonds and $100 million in cash equivalents, which financed the annuities.

Virginia loses director

RICHMOND, Va. — Robert Vandell, director of investments of the $3.6 billion Virginia Supplemental Retirement System, will return to the University of Virginia's Colgate-Darden School of Business this January. Mr. Vandell, who was the third director of investments in 1984, will continue to assist the fund on a part-time basis. Timothy Barron, assistant director of investments, is expected to succeed him.

Harris Corp. hires

MELBOURNE, Fla. — The $350 million Harris Corp. retirement plan hired two real estate managers, replacing Prudential Insurance Co. of America's PRISA fund, Newark, N.J., said John Small, manager of benefits and retirement plans-finance.

As of Jan. 1, Harris will place $15 million each in the participating mortgage fund run by Aetna Life & Casualty Co., Hartford, Conn., and the special situations investment-real estate fund managed by J.P. Morgan Investment Management Inc., New York.

DOL exemption asked

DALLAS — The pension plans of American Petrofina Inc. and Cosden Oil & Chemical Co., its subsidiary, have applied to the Department of Labor for an exemption from prohibited transaction provisions of the Employee Retirement Income Security Act that would allow the plans to continue leasing a Texas petroleum pipeline to Cosden. The pipeline has been owned jointly by the pension plans since 1963. The lease income is distributed to both plans in proportion to their ownership.

Northern Trust hired

CHICAGO — Santa Fe Southern Pacific Corp. has selected Northern Trust Co., Chicago, as master trustee effective Jan. 1. This is the first step in merging the pension assets and restructuring the investments of the two predecessor companies.

Northern Trust, already the master trustee for Santa Fe Industries Inc.'s $256 million in pension assets, also will take custody of Southern Pacific Co.'s $295 million in pension assets from its master trustee, Wells Fargo Bank, San Francisco.

Xerox drops adviser

STAMFORD, Conn. — Xerox Corp. dropped Eberstadt Asset Management, New York, as junk-bond manager after the firm was folded into Alliance Capital Management, New York, at the end of November.

Xerox is giving the account to W.R. Huff Asset Management, New York. The new money management firm was formed by former Eberstadt fixed-income manager William Huff.

PBGC files lawsuit

MIAMI — The Pension Benefit Guaranty Corp. has filed suit in U.S. District Court here seeking to terminate two small, but underfunded, pension plans covering pilots and other employees of the Air Florida System Inc.

According to the complaint, Air Florida did not meet minimum funding standards for the plans in 1982 and 1983, and the PBGC could face more losses unless the plans are terminated.

The two plans have assets of about $460,000, most of which are unpaid employer contributions.

PBGC attorneys estimate the agency could have to pay between $600,000 and $750,000 in guaranteed, but unfunded, benefits.

Bankruptcy attorneys representing Air Florida, which filed for bankruptcy in July, could not be reached for comment.

Reported dedications and immunizations in 1984

Pension fund	Type of bond portfolio	% annualized yield (a)	$ mil. (a)	% pension assets (b)	Manager of portfolio
Allis-Chalmers Corp.	dedication	14.66%	$ 114	39%	Jennison Assoc. Capital Corp.
American Airlines Inc.	dedication	13.00	100	55	in-house (f)
American Standard Inc.	dedication	13.50	NA	NA	NA (c)
Ameritech	dedication	11.50	2,400	38	Natl. Invest. Services of America Inc. (d)
Armco Inc.	immunization	13.46	350	29	Armco Investment Mgmt. Inc.
Bethlehem Steel Corp.	dedication	14.00(e)	700	30	in-house (c)
Brockway Inc.	immunization	14.20	40	28	Manufacturers Hanover Investment Corp.
Ceco Corp.	immunization	14.20	10	13	Chase Investors Management Corp.
Chrysler Corp.	dedication	14.00(e)	1,100	69(h)	Not selected yet (c)
Colt Industries Inc.	dedication	14.20	300	80	in-house (f)
Dayton Hudson Corp.	immunization	14.00	16	23	First Wisconsin/First Chicago (i)
Farmland Industries Inc.	dedication	12.90	42	23	Scudder Stevens & Clark Inc.
GATX Corp.	dedication	13.80	NA	NA	Minton/Newbold's Capital Mgmt.
Household Int'l. Corp.	immunization	NA	46	10	Lincoln Capital Management Corp.
Johnson Controls Inc.	immunization	14.00	4	16	First Wisconsin Trust Co.
Masonite Corp.	dedication	NA	15	28	First Chicago Investment Advisors
McGraw-Edison Co.	immunization	14.00	43	32	Morgan Guaranty Trust Co.
Mobil Oil Corp.	NA	NA	NA	NA	NA
Natl. Intergroup Inc.	horizon matching	15.00	216	27	Alliance Capital Management Corp.
Ohio Casualty Group	immunization	13.00(e)	20	25	in-house
Peabody Holding Co.	immunization	13.99	11	22	First Wisconsin Trust
PPG Industries Inc.	dedication	NA	80	50	Pittsburgh National Bank
Stanley Works	immunization	13.00(e)	14	10	BEA Associates Inc.
Teamsters Western	dedication	12.00(e)	1,777(g)	84(h)	Prudential Insurance Co.

(a) for portfolios done in 1984
(b) includes any earlier dedications and immunizations
(c) set up by Salomon Bros. Inc.
(d) set up with Goldman, Sachs & Co.
(e) more than
(f) set up by First Boston Corp.
(g) includes $277 million done separately at 13%
(h) plans 100%
(i) each has $8 million
NA not available

Source: *Pensions & Investment Age*

Funds commit more than $7 billion in 1984

Dedications, immunizations soar

By Barry B. Burr

In 1984, Pension funds prescribed massive doses of immunization and dedication to reduce corporate pension expense and prevent volatile investment returns.

Pensions & Investment Age reported new dedicated and immunized bond portfolios amounting to $7.498 billion through the first half of December, all confirmed by pension funds. But the figures tallied by *P&I Age* only touch the total, because amounts were not disclosed for many of the actions, and many more might not have been reported.

The technique appeared to be a savvy investment decision, with the bond portfolios producing yields in the teens for many pension investors.

National Intergroup Inc.'s $216 million horizon matching immunization has a yield of 15%; Allis-Chalmers Corp.'s $114 million dedication, 14.66%; Brockway Inc.'s $40 million immunization, 14.2%; Ceco Corp.'s $10 million immunization, 14.2%; and Colt Industries Inc.'s $300 million dedication, 14.2%.

The use of the technique showed little sign of slowing — despite falling interest rates in the latter part of the year.

What lies ahead for dedications and immunizations in 1985 is in dispute. Even those institutional advisers whose interest rate forecasts agree, debate the impact of further drops — however slight — in interest rates in the coming year.

Many think it's possible pension funds will continue to set up dedications and immunizations with the same fury.

Greenwich Research Associates, Greenwich, Conn., through a survey of Fortune 500 corporations that have defined benefit pension plans, found there is growing interst in the bond portfolios.

It found 19% of the corporations have dedicated portfolios and 9% have immunized portfolios. Seven percent of the corporations are planning to set up one, or the other, or both.

In 1984, the amount pension funds put in dedicated and immunized portfolios was huge, as the accompanying chart of actions reported in *P&I Age* illustrates. Amounts were undisclosed for several more of the moves, and according to pension advisers, many more dedications and immunizations went unreported.

The bond portfolios typically save money for corporations, provide cash for other uses, and translate into revenue on the corporate income statements.

Bethlehem Steel Corp., for instance, announced its $700 million dedication will save the corporation $50 million in annual pension expense.

American Information Technologies Corp. figures its $2.4 billion dedication will cut its projected annual pension contribution by $60 million.

For multiemployer pension plans, dedications and immunizations might provide relief from the thorny problem of "withdrawal liability," arising from unfunded pension liability.

The Teamsters, Western Conference is contemplating dedicating its entire $5.1 billion in pension assets. By doing so, it estimates it could eliminate its $1 billion unfunded pension liability by 1986.

It already has $4.3 billion in dedicated bond portfolios, including the $1.777 billion it dedicated in 1984.

Investment bankers, who design many of the bond portfolios and execute the trades, said the number of dedications and immunizations is not known.

However, their comments suggest the technique is popular among pension funds.

"There's no question there's significant broad-based activity in dedication and immunization," said Martin L. Leibowitz, managing director, Salomon Brothers Inc. (*P&I Age*, Sept. 17).

"This business has exploded in the last year and a half as interest rates have risen," said T. Barrett Moore, vice president of fixed-income research with the First Boston Corp.

But lately, interest rates have fallen.

In November, the Western Conference Teamsters' $1.5 billion dedication received a yield of about 12%.

In December, Ameritech's dedication received a 11.55% yield.

By comparison, earlier in the year Chrysler Corp.'s $1.1 billion dedication received about 14%. Last February, the Western Conference Teamsters set up a $277 million dedication at 13%.

"With interest rates dropping, you could see an acceleration in dedications," said John Rutledge, economist and chairman of the Claremont Economics Institute, Claremont, Calif. That is because pension funds might hurry to take advantage of interest rates before they drop further.

"Sure, it will dull the advantages as interest rates butt against actuarial rates," Mr. Rutledge added. "Actuarial rates are still on the way up."

Others take a different view of the effect of declining interest rates.

"If interest rates come down, actuarial rates will also come down," said David H. Silvern, director of research at Capital Management Sciences Inc., Los Angeles.

The portfolio technique allows pension investors to lock in returns with a large degree of certainty. The returns characteristically are higher than the actuarial assumed rate of return, a conservative figure used, in part, to calculate the contributions needed to fund a pension plan.

Dedication and immunization are different strategies, although their results are similar.

Dedication also is known as cash-flow matching.

It involves matching assets to liabilities by purchasing bonds with cash inflows from coupon interest and maturing principal that closely match the periodic outlays required by the fund to pay benefits.

By using the income as soon as it is received, the pension fund eliminates the risk of not being able to reinvest the income at the same rate, or at a higher rate, than the portfolio was set up to yield.

Immunization is also known as duration matching.

Its proceeds aren't specifically matched to pay periodic liabilities. Instead, it matches the duration of the bonds with the duration of a certain amount of liabilities. A bond duration measures how soon a bond repays an investor.

There are many variations of dication and immunization. One, known as horizon matching, combines the two techniques.

Martin D. Kahn, vice president at Ronald Karp Associates, Summit, N.J., who worked on the immunization for Brockway, warns of comparing yields of dedications with those of immunizations.

The yield, in part, reflects the credit quality and liquidity of the bonds, and the pattern of the cash flows needed to pay benefits. ■

Battle . . .

Continued from page 4

Labor subcommittee hearing, that companies could use the procedures, as long as certain safeguards were taken to protect participants' benefits.

Sen. Howard Metzenbaum, D-Ohio, and Rep. Edward Roybal, D-Calif., attacked the guidelines as inadequate and the administration as insensitive. The congressmen's continued attention to the area and increased public attention almost ensure something will be done to tighten the rules, experts say.

The Treasury Department also thinks there still is too much opportunity for abuse, and its tax reform proposal would impose a 10% excise tax on recaptured assets, as well as normal income tax payments.

Other activities made 1984 perhaps the busiest year for pensions since ERISA was passed 10 years ago. One of the most exciting sagas in 1984 was the appointment of Robert Monks as the pension administrator.

While he is now a lame duck, with his departure scheduled for Jan. 20, he made major strides in giving the pension program a newfound independence within the Department of Labor and reorganizing its structure.

He challenged pension executives' basic assumptions of what is an acceptable rate of return, and encouraged more investments in alternative, pooled vehicles.

Yet his No. 1 priority to encourage pooled vehicles, a proposed definition of plan assets, apparently is languishing at the Office of Management and Budget. The proposal faces opposition by the venture capital industry, which could mean the proposal's doom even if Mr. Monks were to stay.

A new chief also came to the Pension Benefit Guaranty Corp. Charles C. Tharp assumed the post of executive director on Feb. 1, succeeding Edwin M. Jones. Under Mr. Tharp, the agency revamped the investment of its $1.1 billion in assets, adding new equity, fixed-income and real estate managers.

But much of the agency's effort was devoted toward an unsuccessful attempt to pass an increase in the annual single-employer plan premium, and reform legislation.

Despite assurances that a bill would be passed this year, the legislation was dragged down by controversy, especially after organized labor and the ERISA Industry Committee pulled their support last spring.

The issue was complicated further by Sen. Metzenbaum's efforts to tack on an amendment requiring plan participants to share in reversions from terminated overfunded plans.

The agency likely will return with a proposal to increase the annual premium to between $7 and $9 per participant, sources said. The current premium is $2.60.

In addition, the agency might float a streamlined bill that would avoid some of the provisions that antagonized business, such as the rule requiring employers to be contingently liable for five years after transfer of an underfunded plan to another company.

Also, Congress passed major pension legislation in 1984.

Originally sponsored four years ago by Rep. Geraldine Ferraro, D-N.Y., and Rep. Bill Clay, D-Mo., the Retirement Equity Act generally will improve retirement benefits for women by lowering the minimum participation age to 21 from 25, liberalizing break-in-service rules and providing improved information to participants.

Rep. Ferraro also had promised to introduce a follow-up bill that would liberalize vesting, integration and portability rules, but had failed to do so before her term expired. ■

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Brokerage fees are facing new fire

By Barry B. Burr

CHICAGO — Institutional brokerage fees, already under pressure from many quarters, will face even more heat from discount brokers.

At the same time, other brokerage firms are planning to establish consulting arms to capture soft dollars from pension funds, perhaps to offset any cut in commissions for simple trades.

Charles Schwab & Co., the nation's largest discount brokerage firm and a subsidiary of the BankAmerica Corp., announced it is establishing an institutional trading department.

"Why we're in it has to do with the fact that there is underlying pressure on money managers managing money for beneficiaries to get better commissions," said Hugo Quackenbush, Schwab senior vice president.

The pressure is coming from pension fund executives and money managers who believe the funds have paid too much for "easy" trades, trades of highly liquid stocks.

At the same time, the Securities and Exchange Commission has been examining the use of soft dollars — commission dollars — to pay brokers and others for investment services.

Pension funds' scrutiny of trading commissions isn't leading inevitably to lower commissions.

Nor is it putting an end of the use of commissions by pension executives to pay for consulting services and by their money managers to pay for research.

If anything, it appears to be leading to a further fragmentation in paying brokerage and more competition allowing more options to pension funds.

Among large institutional brokers, there is resistance to lower commissions.

Pressure comes from fund executives who believe they paid too much for "easy" trades

"We've taken a strong stand to keep rates where they are or at higher levels," said Bruce C. Hackett, managing director, equity sales and trading, Salomon Brothers Inc.

At the same time, other brokers, large and small, are considering entry into the pension consulting business as another way to generate institutional brokerage without having to reduce fees.

At Shearson Lehman/American Express Inc., William S. Rogan, Chicago-based executive vice president and director for sales and marketing, said his firm is considering starting a consulting business.

"It's been talked about," he said, citing services offered by competitors, such as Merrill Lynch & Co. and E.F. Hutton Group Inc.

As for lowering trading fees, Mr. Rogan added, "Three or 4 cents a share — it's absurd. It's tough to operate on that low com-

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Strategies reviewed in merger

By Barry B. Burr

CHICAGO — For Santa Fe Southern Pacific Corp., the start of the new year means pension executives will have to resolve two very different investment strategies because of the merger of the pension funds of its two predecessor companies.

The new pension fund had $551 million in assets after the assets of the two other pension funds — Santa Fe Industries Inc. and Southern Pacific Co. — were combined officially Jan. 1.

Santa Fe Industries' $256 million fund had structured its investments into a three-tier system of different objectives and risks.

Southern Pacific had run its $295 million pension fund with a unified investment approach.

Both pension plans, however, shared at least one characteristic: They were overfunded on a termination basis.

The first order of business for the new, merged pension fund is a major policy review.

No consultant has been hired to assist with the review of the plan, which is expected to take about six months.

The fund likely will spend the

Continued on page 31

Late news

DOL ruling imminent

WASHINGTON — The Department of Labor's proposed definition of plan assets will be published soon, clarifying that many managers of alternative pooled investment vehicles will not fall subject to pension law fiduciary standards.

Robert Monks, outgoing U.S. pension administrator, credited venture capitalists and the Office of Management and Budget with strengthening the proposal.

The rule, which has been hung up in debate for years, is crucial to real estate, venture capital, oil and gas and other pooled investments.

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Baby Bells' inheritance

Shift of funds still pending

By Rose Darby and Fred Williams

NEW YORK — As 1985 dawns, executives of all seven baby Bell pension funds plan to complete the massive transfer of assets from AT&T and to allocate those assets according to carefully prepared, detailed game plans.

About $20 billion of a total of about $38 billion was transferred to the seven new operating companies from American Telephone & Telegraph Co. in 1983. Each received between $2 billion and $4 billion of its share of the pension assets, and each will receive $2 billion to $3 billion more in 1985.

The three funds that will have the most assets received a portion of assets from AT&T around the middle of 1984.

NYNEX Corp., New York, slated to receive a total of $7 billion, is thought to have received about $4 billion July 1; company officials refused comment.

American Information Technologies Corp., Chicago, which should receive a total of $6.5 billion, got $4.6 billion so far, and Bell Atlantic Corp., Philadelphia, which should receive a total of $5.8 billion, got $2.8 billion.

The four remaining companies received their first assets on or around Jan. 1, 1984.

Pacific Telesis Group, San Francisco, which should receive a total of $5 billion, has $3 billion in assets. BellSouth Corp., Atlanta, which should receive $4.5 billion to $5 billion, has at least $2 billion. Southwestern Bell Corp., St. Louis, which should receive a total of $4 billion, has $2 billion, and U S WEST, Englewood, Colo., which should receive $4 billion total, already has $2.3 billion.

"We are still in the process of completing the transfer of our pension fund from the former Bell System trust," said Kincaid Patterson, director of asset management for BellSouth. "That's still our overriding goal and objective, and we're still on target for completing it in 1985.

"We have the need to be excruciatingly careful and detailed in this, so we're inching along with it."

Richard Holmes, director of investment management for PacTel, explained why the transfer has been so time consuming: "Everybody had to be found and accounted for in the actuarial system, and the data put together by AT&T. When the lever is pulled, everything has to be right. We want the division of assets to be right and so does AT&T.

"It is a big problem just in terms of the data they have to deal with, and a lot of it has changed since Jan. 1 (1984)."

There has been about a 20% shift in active employees alone, he noted.

"The year 1984 was a transition year for the plans, with people who could go back and forth with some degree of portability. It is a picture of great complexity," Mr. Holmes said.

Phase II of the transfer is being delayed and is not moving as fast as initially was believed possible, said James Biundo, director of trust investment management for U S WEST.

The reasons for the delay are understandable, but frustrating, he said.

"It almost requires a perfect actuarial valuation," Mr. Biundo said. "There are almost a million people involved, and it is very hard to account for everyone being in the right place."

He does not believe the second transfer would be delayed a year, "but it could be three to six months."

"There is pressure on everyone and everyone is anxious to get it over with, including AT&T. They

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AT&T to reduce manager lineup

NEW YORK — AT&T, which received its first distribution from the breakup of the Bell System pension fund Jan. 1, plans to reduce its stable of managers and increase its passive investments.

The ultimate size of the American Telephone & Telegraph Co. pension fund will be about $20 billion, making it still either the largest or second-largest corporate pension fund.

The AT&T fund is the last to receive an initial contribution from the Bell System fund, which, before divestiture, had assets of almost $54 billion.

The AT&T fund probably will inherit about 50 money managers, according to Dave Feldman, assistant treasurer-investment management. However, that number will be reduced.

One reason for the reduction is that a significant part of the fund will be managed passively, Mr. Feldman said. Passive management will save the fund money and provide more time to examine asset allocation and to grow "some of the seed efforts that we have started in international, real estate and venture capital," he said.

"We are looking in some depth at the modeling effort that goes into asset allocation and the assumptions that underlie it."

One reason Mr. Feldman plans to spend more time and effort on long-term asset allocation is that, as at many other companies, net contributions have declined at AT&T.

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Dedication has trustees of a union fund at a stalemate.

Fund stalls dedication

By Barry B. Burr

CHICAGO — Trustees of the $200 million Food & Commercial Workers pension fund are stalemated over a proposal to set up a $50 million dedicated bond portfolio, even though it might cut unfunded liabilities in half.

The two employer and two union trustees already have completed most of a major restructuring of the fund, shifting some $100 million.

They terminated two equity managers — American National Bank and Stein Roe & Farnham, both of Chicago.

They hired three others in equity — Strong/Corneliuson Capital Management Inc., Milwaukee; Barrow Hanley Mewhinney & Strauss, Dallas; and Oppenheimer Capital Corp., New York.

The trustees also added two real estate managers — Smith Barney Real Estate Corp., New York, and First Chicago Investment Advisors.

But on the dedication, "technically, we're in a deadlock," said John C. Riordan, an employer trustee for the pension fund and a labor consultant for the Illinois Food Retailers Association, Countryside, Ill.

"The employer trustees voted in favor of it; the union trustees voted against it," Mr. Riordan said.

As a result, the trustees plan to put the dispute into binding arbitration. If they cannot agree on an arbitrator, Mr. Riordan said they will ask the federal court to appoint

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30 new managers handling $2.665 billion

Florida starts year with new look

By Barry B. Burr

TALLAHASSEE, Fla. — Sweeping changes occurred during the past year at the Florida State Board of Administration, resulting in the hiring of 30 managers for $2.665 billion.

The changes by the more than $7 billion fund are indicative of how sophisticated some public employee pension funds have become, using the full range of investment options and selecting top outside investment managers to supplement the internal staffs.

Among the Florida fund's new managers are three hired to run options overwrite programs on 10% of its $3 billion equity portfolio.

Most recently, it culminated its year of changes by adding two more managers — Alliance Capital Management Corp., Minneapolis, and Thorndike Doran Paine & Lewis, Boston, were hired in December. The additions marked the first time the fund moved a portion of its $3.6 billion domestic fixed-income portfolio to outside management.

Alliance Capital will run an $800 million portfolio of mortgage-backed securities. Thorndike Doran will actively manage a $250 million fixed-income portfolio, with authority to trade in any domestic fixed-income security.

Both portfolios previously had been managed internally.

Besides the broad scope of the changes, the moves to international, real estate, options and much of the equity broke new investment ground for the fund.

One of its equity managers, Westridge Capital Management Inc., Los Angeles, employs a buy/write strategy in running $50 million for the fund. Each time it buys a stock, it simultaneously sells a like number of call (buy) options on it, collecting an incremental premium.

In making the changes, the fund switched abruptly from running its assets primarily in-house.

Before selecting the 30 managers, the fund had one outside manager, Bankers Trust Co., hired in mid-1983 to run some $350 million in a stock index fund.

Now, however, the fund will have $3 billion, or 43% of its assets, run by outside managers.

All the changes had been reported in various stories in *Pensions & Investment Age*, except for the selections of Alliance and Thorndike Doran.

Florida's broad shift in investment strategy is characteristic, albeit more substantial, of many public funds' recent move to diversify managers and enter new investment arenas.

The past year was replete with such examples.

Until 1984, for instance, the $350 million city of Chicago Laborers & Employees Annuity & Benefit Fund was run solely by Alliance Capital.

This year it announced the hiring of eight managers in equities, fixed income and real estate, splitting up about $230 million and retaining Alliance to run the rest (*P&I Age*, Oct. 29).

The $80 million Lansing City Retirement System was run in-house by one person. Then it hired Prudential-Bache Securities' consulting division to re-evaluate the fund and wound up hiring four managers this summer (*P&I Age*, Aug. 20).

In 1985, the Iowa Public Employees Retirement System likely will make substantial changes. Earlier this year, it hired Wilshire Associates to conduct a major study.

Dennis L. Jacobs, deputy administrator, said the $2.3 billion fund plans to invest for the first time in real estate and venture capital; it also plans to boost its equity allocation to the statutory 25% limit from 17%.

At the same time, it will hire more managers, diversifying from the three that now run all but the 8% of the fund in cash equivalents, which is managed in-house.

"We're looking to add some additional managers," Mr. Jacobs said. "I would not use the term 'many more.' I wouldn't say we will hire as many as 15."

Continued on page 29

Rising soft-dollar use called top issue of '84

By Nancy K. Webman

The growing use of soft dollars, directed trades and rebates on brokerage transactions was the most important pension investment issue of 1984, a survey by *Pensions & Investment Age* shows.

The survey questionnaire, published in the Nov. 26 issue of *P&I Age*, asked readers to rank order, from among 20 choices, the Top Five stories in the industry for the year.

During 1984, several pension fund executives formulated detailed plans to cut the price-per-share their pension funds pay on trades. In the process, pressure was brought to bear on investment managers and brokerage firms to cooperate.

Many other pension fund executives are planning similar moves in 1985; *P&I Age* will provide detailed coverage of those plans and will explore the ramifications they will have on money managers, brokerage firms and others in the industry that service tax-exempt investors.

Honeywell Inc., Delta Air Lines Inc. and American Airlines are among the pension funds active or about to become active in this area.

Continued on page 30

Flaws seen in models

By Rose Darby

Asset allocation models now used by many pension consultants and pension funds might be obsolete, according to some industry experts.

The models might be flawed because the majority are based on a study of the historic relationship between stock returns, bond returns and inflation; that relationship might have changed.

In particular, the volatility of bond prices and interest rates might be greater than assumed in the models, and the spread between common stock total returns and bond total returns might be narrower, according to some experts.

The majority of models in use are based on studies by Roger G. Ibbotson, now a professor at Yale University, and Rex Sinquefield, now chief investment officer of Dimensional Fund Advisors in Chicago.

Their study examined the total returns from stocks, corporate bonds, government bonds and Treasury bills for the 50-year pe-

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Late news

Continued from page 1

It will say when a pension fund's interest in a pool or the pool's underlying assets is the plan asset.

If the underlying assets are considered plan assets, the pool manager would become a plan fiduciary and thus subject to the Employee Retirement Income Security Act's rules on prudence, diversification, acting solely in the interest of plan participants and beneficiaries and prohibited transaction rules.

In general, so-called "passive investment pools," such as hedge funds, would have to meet the tougher rules, while managers of "operating companies" would be exempt, sources said.

Investor group set

WASHINGTON — The Council on Institutional Investors, a group of public pension funds concerned with corporate governance issues such as greenmail and proxy votes, will be incorporated here Jan. 24.

About 15 public funds will be involved in the incorporation, including those in California, where the idea originated, a spokesman said. Others are located in New Jersey, Wisconsin, Delaware and Connecticut.

IDS chief resigns

MINNEAPOLIS — Bruce Lueck has resigned as president and chief executive officer of IDS Advisory Group to become president and chief executive officer of a private investment firm, Okabena in Minneapolis, according to an IDS Advisory spokesman.

Peter J. Anderson, president of IDS Equity Advisors, will take on the additional duties and title of president of IDS Advisory Group.

NCR setting up plans

DAYTON, Ohio — NCR Corp. is setting up three new defined contribution plans and changing its defined benefit plan from final-average to career-average.

Douglas Bartlett, NCR's director-employee benefits, U.S., declined to say how much the company will save in defined benefit liabilities, but said money will be redirected into the defined contribution plans. "It's a trade-off," he said.

The new plans offered by NCR are a payroll-based stock option plan to begin in January, and profit-sharing and 401(k) salary-reduction plans to begin in May, Mr. Bartlett said.

The company has hired State Street Bank and Trust Co., Boston, as trustee and administrator for the plans. The NCR treasurer's office is in the process of choosing investment managers.

FIA seeks exemptions

WASHINGTON — The Futures Industry Association has asked the Department of Labor to issue general exemptions in federal pension rules, in part to end some of the duplicative regulatory authority over financial futures to facilitate their use by pension funds.

Late money movers

• TOLEDO, Ohio — The $463 million Libbey-Owens-Ford Co. pension fund has made its first real estate investment, hiring Northern Trust Co., Chicago, for $37 million.

• JAMAICA, N.Y. — The $58 million Long Island Rail Road pension plan has appointed C.J. Lawrence Asset Management as a balanced manager for a $28 million account.

• SALEM, Oregon — The $4.2 billion Oregon Public Employees Retirement System hired Wertheim-Philippe International, New York, to manage a global equity account, said James George, investment manager. The account will be funded from cash flow.

• PALATINE, Ill. — Making its first venture capital investments, Square D Co. committed a total of $6 million to three pooled funds, said Dexter S. Free, treasurer and assistant secretary.

The $165 million pension fund divided the money among the Euclid II fund of Euclid Partners Corp., Boston; Summit Ventures, Boston; and a fund of Weiss Peck & Greer, New York.

• HOUSTON — To consolidate its profit-sharing assets spread out among several financial firms, Ivex Corp. hired Harris Trust & Savings Bank, Chicago, as trustee and investment manager, said Rocky Chan, Ivex's general accounting manager. He said the plan's assets range between $5 million and $10 million.

Funds active in passive style

By Trudy Ring

Passive investment approaches dominated investment management changes by pension and other tax-exempt funds in 1984.

Investment management firms that offer guaranteed investment contracts, dedicated or immunized bond portfolios and stock index funds recorded the biggest net dollar gains in new tax-exempt business in 1984.

Metropolitan Life Insurance Co., New York, had the largest net gain in new tax-exempt business, adding $5.5 billion. As of Nov. 15, the company had $31.4 billion in tax-exempt assets under management.

Its net percentage gain was 17.7%.

Much of Metropolitan's gain came from GICs. They accounted for $3 billion in new business last year. New GIC clients included Shell Oil Co., Getty Oil Co., Goodyear Tire & Rubber Co., U.S. Steel Corp. and Volvo of America Corp.

Metropolitan also gained $1.8 billion in deferred annuities, balanced accounts, close-outs and master terminal funds; $530 million in fixed-income; $132 million in equities; and $49 million in real estate.

Close-outs involve the insurer's taking over a company's liabilities when a pension fund is terminated; a master-terminal funding contract is a single-premium immediate annuity.

Officials said Metropolitan gained 122 clients and did not lose any business.

(*Pensions & Investment Age* asked money managers to report business gained and lost between Jan. 1 and Nov. 15. Those reporting the largest net gains in business in various asset classes are shown in the tables below.)

The second largest net dollar gain was by Wells Fargo Investment Advisors, San Francisco, which specializes in stock and bond index funds. Its gain was nearly $2.8 billion, or 18.6%. It had $14.8 billion in tax-exempt assets under management Nov. 15.

It won $3.2 billion in business, with $2.2 billion from 12 new clients and $1 billion from existing clients, but lost $440 million in business from 10 clients.

Of the new business, $2.8 billion was for equities, $393 million for asset allocation and $33,000 for fixed-income.

New clients included General Electric Co., United Air Lines and Seattle City Employees' Retirement System.

The third largest net gain was to a company that had just one new client. National Investment Services of America, Milwaukee, got the job of managing a $2.4 billion dedicated bond portfolio for American Information Technologies Corp., Chicago. The Ameritech bond trades actually were done Dec. 3, but the account was included in the tally because of its significant size.

NISA also gained $85 million in tax-exempt assets from existing clients. It lost $122 million from seven clients, however, so its net dollar gain was $2.3 billion.

It also had a huge net percentage gain, 78.4%, as the Ameritech contract quadrupled the firm's tax-exempt assets under management, to about $3 billion.

State Street Bank and Trust Co., Boston, which is active in stock indexing and dedication and immunization, ranked fourth in net dollar gain, with $1.934 billion.

State Street gained $720 million in equity business from such clients as Miles Laboratories Inc., Deere & Co. and Reader's Digest Association Inc. Balanced accounts brought in $566 million of the gain. Names of clients were kept confidential.

New fixed-income business came to $464 million, with clients including Anheuser-Busch Companies Inc. and Owens-Illinois Inc.

Stock index futures provided $134 million of the new business; clients included Raytheon Co. and Tenneco Inc. Real estate accounted for $50 million, with the State of Connecticut as a new client.

Overall, State Street had 23 new clients with $1.3 billion in business and had $660 million in additional business from existing clients. It lost one client and $30 million in business.

Its net percentage gain was 20.9%. It had $9.1 billion in tax-exempt assets under management Nov. 15.

The Travelers, Hartford, Conn., a leader in GICs, had the fifth largest net dollar gain, with $1.928 billion. GICs accounted for $1.3 billion of this.

Travelers also had $236 million in new fixed-income business, $196 million in equities, $175 million in financial futures and $23 million in real estate.

The company added 93 clients but declined to release their names for publication.

Travelers' net percentage gain was 10.8%. As of Nov. 15, it had $17.9 billion in tax-exempt assets under management.

Another leading provider of GICs, Aetna Life & Casualty Co., had the sixth largest net dollar gain with $1.8 billion. GICs accounted for $969 million worth of new business. New GIC clients included police and fire departments in two Iowa communities, Associated Materials, Logan Machine and several others whose names were kept confidential.

Aetna also gained $391.6 in real estate business for the St. Louis Public School Retirement System, Camelback Hospital, Halton Tractor Co. and several others.

Its new business also included $324.6 million in general accounts, $96.3 million in equities, $27.5 million in fixed income, $15.9 million in short-term instruments, $6.6 million in individually managed accounts and $2.5 million in annuities and close-outs.

Aetna had 65 new client contracts but they accounted for just $309 million of its new business. The remaining $1.5 billion came from new contributions from existing clients.

Aetna lost $10.7 million worth of business. As of Sept. 30, the latest date for which figures were available, the company was managing $27.3 billion in tax-exempt assets. Its net percentage gain in 1984 was 6.7%.

Fischer, Francis, Trees and Watts, New York, a specialist fixed-income manager, had the sev-

Continued on page 26

Net dollar gain
(managers over $1 billion)

Rank	Companies	$ millions
1.	Metropolitan Life New York	5,576
2.	Wells Fargo Inv. Advisors San Francisco	2,764
3.	National Investment Services Milwaukee	2,353
4.	State Street Bank Boston	1,934
5.	Travelers Hartford, Conn.	1,928
6.	Aetna Life & Casualty Hartford, Conn.	1,823
7.	Fischer, Francis, Trees & Watts New York	1,548
8.	Prudential Asset Management Newark, N.J.	1,540
9.	Mellon Capital Management San Francisco	1,480
10.	Batterymarch Boston	1,152

Net dollar gain
(managers $250 million to $1 billion)

Rank	Companies	$ millions
1.	Morley Capital Lake Oswego, Ore.	301
2.	Treynor-Arbit Chicago	295
3.	Trinity Investment Mgt. Boston	289
4.	Goldman, Sachs New York	280
5.	Newbold's Asset Management Philadelphia	274
6.	Waddell & Reed Kansas City, Mo.	268
7.	Eastdil Realty Inc. New York	258
8.	Karsten Institutional Realty Los Angeles	255
9.	ABD International New York	247
10.	TCW Realty Los Angeles	224

Net dollar gain
(managers under $250 million)

Rank	Companies	$ millions
1.	PRIMECAP Management Pasadena, Calif.	162
2.	Geewax, Terker & Co. King of Prussia, Pa.	150
3.	Julius Baer New York	110
4.	Rampart Investment Mgt. Boston	108
5.	Lehndorff & Babson Real Estate Boston	107
6.	Daniel Breen & Co. Houston	106
7.	Meridian Management Little Rock, Ark.	106
8.	Heartland Capital Management Indianapolis	100
9.	Summit Management Co. Los Angeles	99
10.	Chesapeake Capital Mgt. Baltimore	99

Most new equity business (managers over $1 billion)

Rank	Companies	$ millions
1.	Wells Fargo Inv. Advisors San Francisco	2,811
2.	Mellon Capital Management San Francisco	1,480
3.	Batterymarch Boston	1,186
4.	Sanford C. Bernstein New York	1,116
5.	State Street Boston	720
6.	Barrow, Hanley, Mewhinney & Strauss Dallas	575
7.	Fidelity Management Trust Boston	550
8.	Gardner & Preston Moss Boston	496
9.	Chase Investors New York	485
10.	Dimensional Fund Advisors Los Angeles	483

Most new equity business (managers $250 million to $1 billion)

Rank	Companies	$ millions
1.	Treynor-Arbit Chicago	365
2.	Trinity Investment Mgt. Boston	289
3.	Newbold's Asset Management Philadelphia	274
4.	Kingsley, Jennison, McNulty & Morse San Francisco	226
5.	Eaton Vance Management Boston	216
6.	Pilgrim, Baxter, Hoyt & Greig Philadelphia	205
7.	Beutel, Goodman Houston	200
8.	Waddell & Reed Kansas City, Mo.	199
9.	Hagler, Mastrovita & Hewitt Boston	178
10.	Avatar New York	175

Most new equity business (managers under $250 million)

Rank	Companies	$ millions
1.	PRIMECAP Management Pasadena, Calif.	162
2.	Geewax, Terker & Co. King of Prussia, Pa.	150
3.	Meridian Management Little Rock, Ark.	106
4.	C-S Capital Cincinnati	103
5.	Ashland Management New York	91
6.	R. Meeder & Associates Columbus, Ohio	83
7.	Chesapeake Capital Mgt. Baltimore	83
8.	Roanoke Asset Management New York	81
9.	Daniel Breen & Co. Houston	79
10.	W. H. Reaves Jersey City, N.J.	69

Managers of index funds report largest gains

By Trudy Ring

Firms that run index funds scored some of the largest business gains among equity managers in 1984, but those with other approaches also drew numerous clients.

Indexing is more appealing to large funds than small ones, so firms that run index funds tend to have large amounts of money under management. Among firms with more than $1 billion under management, three of the top five gainers manage index funds. The two that gained the most dollars are leaders in index funds; the third gave up indexing several years ago.

The top gainer was Wells Fargo Investment Advisors, San Francisco, with $2.8 billion in new equity business. The company, which offers only index fund management, was well positioned in a year in which index funds outperformed most active portfolios.

Wells Fargo's new business included a $1.5 billion account from General Electric Co. Its 11 new equity clients also included the Northern California Retail Clerks, Walnut Creek, Calif.; United Air Lines, Chicago; Quotron Systems, Los Angeles; Continental Grain Co., New York; Allegheny Power System, New York; C.W. Benedum Foundation; and the Seattle City Employees Retirement System.

It offers a Standard & Poor's 500 index fund and an extended market fund that uses stocks not listed in the S&P 500. On the fixed-income side, it uses a Shearson Lehman Government/Corporate Bond Index fund.

The firm with the second largest equity management gain was Mellon Capital Management Corp., San Francisco, with nearly $1.5 billion. Also an index fund manager, Mellon added 13 equity clients including the New York City Teachers' Retirement System, State of Delaware, Hawaii Employees' Retirement System, Virginia Supplemental Retirement System, Burroughs Corp. and General Mills Inc.

It offers an S&P 500 index fund and a market completion fund that uses stocks not included in the S&P index, but the indexes can be customized according to the needs of clients, said Tom Loeb, president.

The third largest gainer, Batterymarch Financial Management, Boston, gave up indexing several years ago because "it had become an uninteresting commodity," said Alan Strassman, executive vice president.

Batterymarch, which gained $709 million from 17 new clients and $477 million from existing clients, is a contrary investor.

The popularity of Batterymarch, coinciding with the popularity of managers with far different approaches, shows there is room for diversity in the market, Mr. Strassman said.

Evidence of this diversity also comes from the fourth largest gainer, Sanford C. Bernstein & Co., New York, which does no passive management.

"I think people are hiring us for the opposite reason they would hire a Mellon or Wells Fargo," said Richard Abramson, director of pension asset management at Bernstein.

Large pension funds often hire one of the index specialists as a core

Continued on page 26

Most new fixed-income business (managers over $1 billion)

Rank	Companies	$ millions
1.	National Investment Services Milwaukee	2,485
2.	Fischer, Francis, Trees & Watts New York	1,585
3.	Miller, Anderson & Sherrerd Bala Cynwyd, Pa.	823
4.	Lincoln Capital Mgt. Chicago	741
5.	RepublicBank Dallas Dallas	712
6.	Morgan Stanley Asset Mgt. New York	699
7.	Neuberger & Berman New York	677
8.	Wentworth, Hauser, Violich San Francisco	557
9.	Griffin Group Chicago	554
10.	Metropolitan Life Insurance New York	530

Most new fixed-income business (managers $250 million to $1 billion)

Rank	Companies	$ millions
1.	CM&M Asset Management Philadelphia	134
2.	Chicago Corp. Chicago	111
3.	Investment Counselors-Maryland Baltimore	70
4.	Waddell & Reed Kansas City, Mo.	69
5.	Ward & Wissner New York	67
6.	Eaton Vance Management Boston	37
7.	Fiduciary Mgt. Associates Chicago	35
8.	Shearson/American Express New York	30
9.	Drexel, Burnham Philadelphia	29
10.	Bessemer Trust New York	21

Most new fixed-income business (managers under $250 million)

Rank	Companies	$ millions
1.	Summit Management Co. Los Angeles	88
2.	Lotsoff Capital Mgt. Chicago	65
3.	Wolf, Webb, Burk & Campbell Philadelphia	55
4.	Daniel Breen & Co. Houston	28
5.	Ferris & Co. Washington	25
6.	Qualified Counseling Syracuse, N.Y.	15
7.	Smith Affiliated New York	15
8.	Julius Baer New York	8
9.	Securities Counselors of Iowa Cedar Rapids, Iowa	6
10.	Cumberland Advisors Vineland, N.J.	6

Dedication, immunization attract large funds

By Trudy Ring

Bond managers gained much business through dedicated and immunized portfolios in 1984, but other management approaches also drew substantial funds.

Dedication and immunization were prevalent among large managers with large accounts.

"There are some very, very large assets that have been dedicated or immunized," said Dave Eager, a partner in the consulting firm of Eager and Cummings, Louisville, Ky.

The biggest dollar gain shown by a fixed-income manager was due to a $2.4 billion dedicated bond portfolio. National Investment Services of America, Milwaukee, is managing the portfolio for American Information Technologies Corp., Chicago.

Dedication is, and will continue to be, an important tool, said Joseph Gorman, NISA president and chief investment officer.

"An awful lot of people have done it already, and I expect a lot more will do it in the future," he said. "For most of the bulk of pension plans, it fits like a glove."

Ameritech was NISA's only new client for tax-exempt funds last year. NISA also gained $85 million from existing clients but lost seven clients with a total of $132 million.

Other managers that showed large gains due to dedication and immunization included Fischer, Francis, Trees & Watts, New York, and Lincoln Capital Management, Chicago. Each firm has more than $1 billion under management.

Fischer, Francis, which showed a gain of $1.5 billion in fixed-income business in 1984, has a large amount of dedicated portfolios, all actively managed, said John Watts, managing director.

Lincoln Capital specializes in dedication and contingent immunization, said Ken Meyer, executive vice president. It gained $741 million in fixed-income business in 1984.

Mr. Meyer said he thinks interest in dedication and immunization has grown out of a re-evaluation of investment objectives for fixed-income portfolios and a lack of confidence in more traditional active management approaches.

Continued on page 26

Changes set at P&I Age

Several staff promotions and additions have been announced at *Pensions & Investment Age*.

Elizabeth Karier, the magazine's copy editor for more than two years, has been named assistant managing editor. Ms. Karier formerly was assistant copy desk chief for the Milwaukee Sentinel and, before that, a copy editor for the Middletown (N.Y.) Times Herald-Record.

Peter Kobel has been hired to succeed Ms. Karier as copy editor. He previously was a copy editor for Encyclopaedia Britannica, Chicago, and was a reporter for several newspapers. Both work in *P&I Age's* Chicago office.

In New York, Mark Westerbeck has been promoted to associate editor. In his new position, Mr. Westerbeck will continue to be in charge of the magazine's real estate coverage. He also will be writing about the pension investment field.

Another New York staff member, Eddy Christman, has been promoted to reporter/researcher from editorial assistant. Mr. Christman will be launching a new research column in 1985, and will be overseeing the compilation of the numerous directories published by *P&I Age*.

Trudy Ring has been hired as a staff reporter in the Chicago office. She will be covering general pension investment news in the Midwest. Ms. Ring previously was a business writer for the Moline (Ill.) Daily Dispatch, where she had worked for 4½ years. Before that, she was a general assignment reporter for the Galesburg (Ill.) Register-Mail.

Thomas J. Linden has been hired as assistant editorial production manager, also in Chicago. Mr. Linden formerly was day-shift supervisor for Crain Communications Inc.'s photocomposition department. Previously, he was an advertising artist for a chain of retail grocery stores. Crain publishes *P&I Age* and more than 20 other newspapers and magazines. ■

Elizabeth Karier

Mark Westerbeck

Corrections

• In the Nov. 26 issue, the Pensions & Investments' Performance Evaluation Report for international funds had incorrect figures for the **Europe Australia Far East** index. Correct EAFE numbers for the third quarter and one-, three-, five- and 10-year periods ending Sept. 30 are 0.8%, 9.6%, 12.5%, 8.6% and 14.6%, respectively.

• Each module for the new treasury workstation BankLink II-ICM, introduced by the balance reporting network **BankLink**, can be bought separately, priced from $10,000 to $15,000. The bank relationships module is priced at $5,000. Licensee banks offering BankLink II-ICM will charge from $10,000 to $35,000 depending on the number of modules.

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Real Estate

San Jose nears pact for realty

By Steve Hemmerick

SAN JOSE, Calif. — The San Jose Retirement Systems has all but signed a contract with NBS Realty Advisors, San Jose, to help the system make its first investments in real estate.

The fund eventually might invest about $40 million, or about 10% of its nearly $400 million in assets, into equity real estate and possibly some mortgages with equity kickers.

The trustees are negotiating contract specifics with NBS, but "we have pretty much concluded those negotiations at this point," said Ed Overton, retirement and benefits administrator for San Jose.

The retirement system now is a traditional stock and bond investor. But Mr. Overton said trustees believe they should move into a new asset class because of the growth in the system's assets.

Many pension funds began moving into real estate about five years ago, and the number of pension fund investors in real estate increased rapidly as high rates of inflation hit the country.

At that time, a key reason for investing in real estate was its promised hedge against inflation. Inflation has dropped considerably, but Mr. Overton said the fund's trustees want to be in real estate during the next inflationary cycle, which some economists believe could be a short time away.

During the last inflationary cycle, Mr. Overton underscored, the city retirement system had no real estate investments. Among investments commonly used by pension funds, real estate has the best return on investment performance for the past 12 years, he said.

"The board felt it was time to diversify," he added. "We want to get ourselves in position when change does come, having different assets for different economic scenarios."

Even in this period of low inflation, he said, "we will still get stable and decent returns on our real estate."

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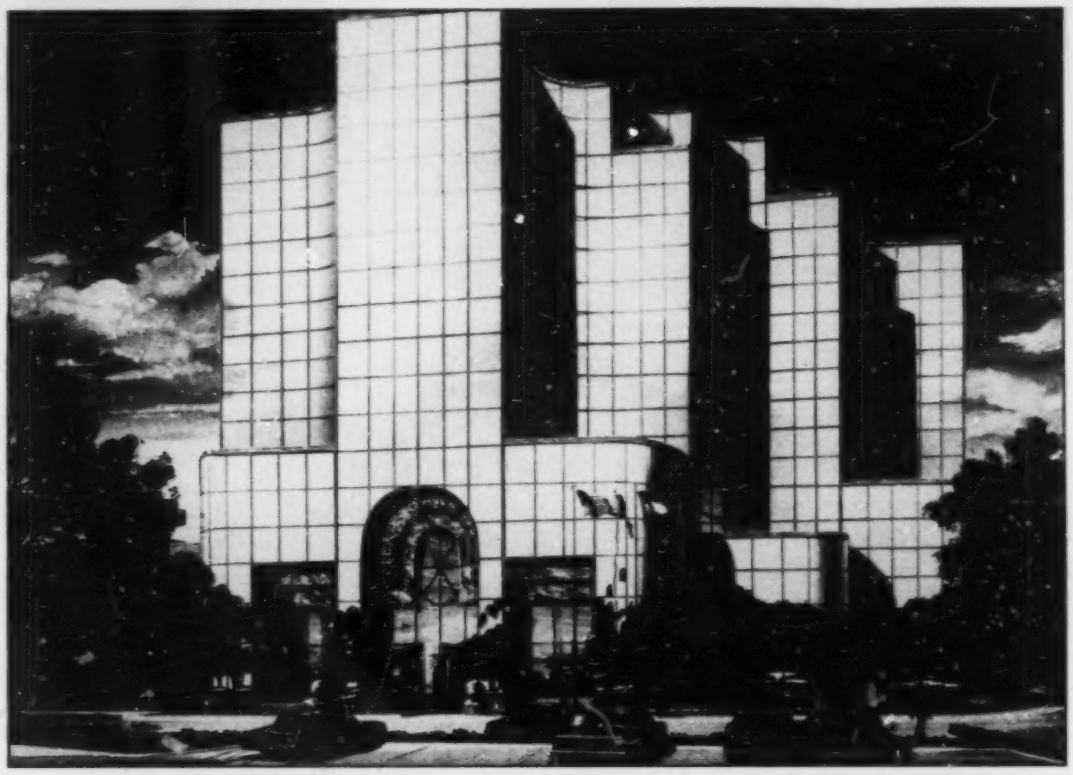

The Texas Bank North Building, a nine-story office building in San Antonio, is one of five properties in the ICM real estate investment trust.

2 new trusts are geared to institutional investors

REITs making comeback among funds

By Mark Westerbeck

NEW YORK — Pension funds now have new real estate investment trusts in which they can invest. Whether they will buy the trusts will be another story.

REITS reeled in everyone's marketplace after the mid-1970s collapse of the many bank trusts invested in construction debt. While still carrying the stigma, equity REITs have led a gradual comeback with individual investors.

Those on the New York Stock Exchange have shown a 20% compounded rate of return in the past five years. During 1984, $1 billion of new issues were sold, mostly in equity and convertible debentures, according to Bruce G. Garrison of the Houston investment banking firm of Lovett Mitchell Webb Inc.

The index the National Association of Real Estate Investment Trusts keeps on 70 REITs reached the highest level in its 12-year history in November.

Pension funds never have been big players directly across the board, chiefly because the product hasn't been available to them: usually the underwriting is so small they would dominate it.

Only a few REITs have tried and been successful with tax-exempt investors, and all have been around for years.

Corporate Property Investors, New York, and Property Capital Trust, Boston, actively have solicited major pensions funds, endowments and foundations in the United States. The largest shareholder in New Plan Realty Trust, New York, is the Merchant Navy Officers pension fund of Great Britain.

REITs are sold to money managers as the stock play they are, with underlying real estate characteristics, so they can show up in pension portfolios that way.

Morgan Guaranty long has been a major holder of REITs for its large open-end commingled fund for pension accounts, although lately it has been a net seller in a change of investment strategy. Citibank runs a real estate stock fund with substantial REIT holdings that is marketed to pension plans.

A sign the REIT image has changed came with the emergence in late 1984 of two trusts that are geared, in part, to the institutional market.

They benefit strongly by the backing of two

Continued on page 16

Realty advisers report new-business gains

Most new real estate business (managers over $1 billion)

Rank	Companies	$ millions
1.	RREEF Funds San Francisco	874
2.	LaSalle Advisors Chicago	626
3.	Heitman Advisory Chicago	411
4.	Aetna Life & Casualty Hartford, Conn.	392
5.	Prudential Asset Management Newark, N.J.	266
6.	Corporate Property Investors New York	155
7.	Latimer & Buck Philadelphia	92
8.	Boston Co. Boston	82
9.	New England Mutual Life Boston	60
10.	John Hancock Boston	56

The listing of top new-money winners in *Pensions & Investment Age*'s score card is similar to the rankings of the top real estate advisers or new-business winners in *P&I Age*'s Sept. 3 listing of realty advisers.

Apparently because of strong movement in the second half of the year, LaSalle Advisors, Heitman Advisory and Corporate Property Investors, among several others, show up in the score card (*see accompanying tables*) but didn't in the Sept. 3 list.

But the inclusion of Latimer & Buck on the score card might come as a shock to many, both for its inclusion on a list of firms with more than $1 billion under management and for $92 million in new capital commitments.

Marketing under the handle L&B Real Estate Advisors, Latimer & Buck has been selling a closed-end fund since October.

The money it reports under management has all come from the Pennsylvania School Employees Retirement System, for which Fidelity Bank, the trustee that L&B advises, has been running real estate since 1956. Both the bank and L&B are subsidiaries of Fidelcor, a holding company in Philadelphia.

Douglas S. Callantine, L&B chief investment officer, said the adviser has worked on about $550 million in equity-oriented investments and $600 million in mortgages for the school fund.

On that record, it hopes to raise $75 million to $100 million for the closed-end fund, which will emphasize participating debt and preleased properties. Minimum contribution is $500,000.

The decision to diversify the adviser's business was made about 18 months ago. "Probably the biggest hurdle we're overcoming is name recognition," Mr. Callantine said.

Most new real estate business (managers under $1 billion)

Rank	Companies	$ millions
1.	F.I.A. Associates Sacramento, Calif.	891
2.	Goldman, Sachs New York	280
3.	Eastdil Realty New York	258
4.	Karsten Institutional Realty Los Angeles	255
5.	TCW Realty Los Angeles	224
6.	Copley Real Estate Boston	220
7.	Landauer Advisors New York	210
8.	Hutton New York	205
9.	Mellon Real Estate New York	200
10.	Landorff & Babson Boston	107

GIC sales boom

By Chuck Paustian

High interest rates in the early part of 1984 and a growing popularity of defined contribution plans made the year a good one for sales of guaranteed investment contracts.

GIC sales propelled a number of insurance companies to the top ranks of the nation's money managers in terms of new tax-exempt business gained in 1984.

Metropolitan Life was the top manager in terms of new business added last year, but Travelers, Aetna Life & Casualty Co. and Prudential also were in the Top 10, according to a *Pensions & Investment Age* survey.

The survey showed a total of $10.7 billion in GIC sales from Jan. 1 through Nov. 15 for the Top 10 companies.

Andrew Pfeifer, a consultant with Meidinger Asset Planning Services Inc., estimated that GIC sales among all managers for 1984 totaled $17 billion to $18 billion.

Metropolitan Life Insurance Co., New York, led the way with $3.1 billion dollars in sales of GICs. Prudential Asset Management Co., Newark, N.J., was second with $2.4 billion, followed by The Travelers, Hartford, Conn., with $1.3 billion (*see accompanying table*).

The top GIC managers said key reasons for the heavy sales of GICs in 1984 were the high interest rates that could be locked in, at least in the first half of the year, the flexibility of GICs and the continued growth in defined contribution plans.

Robert J. Bott, vice president of Metropolitan Life, said there is a growing interest among public pension funds looking to use GICs as a replacement for bonds.

"Customers are looking for flexibility in terms of GICs. As long as those needs are known up front, we can usually accommodate those needs," said Mr. Bott.

Some companies are replacing defined benefit plans with defined contribution plans, and some are adding defined contribution plans to their benefit programs. Consequently, plan participants are able to determine the investment strategy of their contribution. Overwhelmingly, the participants are choosing guaranteed investment vehicles.

"A very high proportion of participants' investments are in guaranteed investments. Of their own contributions, I would guess about 75% to 80% are in fixed-dollar accounts," said Robert M. Chmely, senior vice president of Prudential Asset Management.

The plan participants are attracted to the guaranteed investments because of their high rates of return and the security of the principal investment, he said.

Although defined contribution plans have given the GIC market a boost, defined benefit plans have not given up on this vehicle.

T. Jerald Moore, vice president of Aetna, said guaranteed investments allow the pension fund executive to lock in current high interest rates for the duration of the contract. Pension officers are taking advantage of this to lock up recent gains made in the stock and bond markets.

However, Mr. Moore believes the recent trend among defined benefit plans to establish dedicated or immunized bond portfolios will create competition with GIC business.

"Basically, we are competing for the same investment dollar as the dedicated or immunized bonds," said Mr. Moore. The pension fund's particular needs determine which investment vehicle is chosen. Whereas GICs generally have a higher yield, the dedicated and immunized bond portfolios tend to have greater liquidity.

Mr. Moore also said defined benefit plans seem to be more willing to use GICs than in the past.

"Defined benefit plans are using GICs to fill what in the past was filled by active bond management," he said.

Both Messrs. Moore and Chmely agreed another trend in the GIC market seems to be toward shorter durations for the contracts.

Ten years ago, it was not uncommon to find guaranteed contracts with terms of between 10 and 15 years. However, in the late 1970s and early '80s, when interest rates soared, pension fund executives and insurance companies both struggled to get out of these contracts.

Having learned their lesson, pension executives now seek terms long enough to take advantage of the high interest rates without being tied into a long-term contract should interest rates begin to climb again. The average term for guaranteed investments is between five and seven years for defined benefit plans and between four and six years for defined contribution plans.

Mr. Chmely believes a rating system for GICs, similar to the bond rating system, soon might be available to investors. The system would examine the company's ability to meet its obligations. Mr. Chmely said a desire for such ratings has been expressed to him by several pension executives.

"Plan sponsors wouldn't buy bonds if they weren't rated, but they'll buy GICs without batting an eye," he said.

Mr. Chmely added Prudential already has begun talking with major rating companies about having its GICs rated.

Mr. Bott agreed a rating system for GICs would be desirable.

"I personally would like to see that. I think our company would benefit from such a rating system," he said.

Most new GIC business

Rank	Companies	$ millions
1.	Metropolitan Life New York	3,055
2.	Prudential Asset Management Newark, N.J.	2,404
3.	Travelers Hartford, Conn.	1,298
4.	Aetna Life & Casualty Hartford, Conn.	969
5.	John Hancock Boston	678
6.	Provident National Assurance Co. Chattanooga, Tenn.	647
7.	New England Mutual Life Boston	523
8.	Northwestern National Life Minneapolis	464
9.	Mutual Benefit Life Newark, N.J.	372
10.	Morley Capital Lake Oswego, Ore.	301

Funds active in . . .

Continued from page 3

enth largest net dollar gain, slightly more than $1.5 billion. Just more than half of the gain was due to a $760 million account for the New York City Teachers' Retirement System.

Of the gain, $55 million came from new contributions from existing clients. The firm lost $37 million in business from one client. Its net percentage gain was 21%. As of Nov. 30, it had $7.5 billion in tax-exempt assets under management.

The Prudential Asset Management Co., Newark, N.J., another GIC leader, had the eighth largest net dollar gain, also more than $1.5 billion but slightly less than Fischer, Francis' gain.

Prudential had $2.9 billion in new business, but had three clients withdraw about $1.4 billion. This includes some funds that were used for benefit payments and some that were transferred to other accounts.

Of the new business, $2.4 billion came from GICs for a long list of clients including Honeywell Inc., Talman Home Federal Savings and the National Geographic Society.

Prudential also gained $266 million in real estate, with five new clients including the State of Pennsylvania. A total of $289 million was from equities.

About $31 million came from fixed-income accounts, including Duke University, Children's Medical Center of Dayton and Fordham University.

Overall, Prudential added 107 clients. Of the new business, $1.3 billion came from them and $1.6 billion from existing clients.

Prudential's net percentage gain was 4.5%. It had $34 billion in tax-exempt assets under management Nov. 15.

The ninth largest net dollar gain was slightly less than $1.5 billion by Mellon Capital Management Corp., San Francisco, a leader in stock indexing. All of Mellon's gain was in equities and all but $10 million of it was from 13 new clients, including General Mills Inc., Polaroid Corp., Trans World Airlines, Shell Oil, Union Pacific Corp. and several public funds.

Mellon officials said the company lost no business during the year, so the net percentage gain was 64.4%, bringing Mellon's total tax-exempt assets under management to $2.3 billion.

The 10th largest net dollar gain was posted by Batterymarch Financial Management, Boston, an equity manager that gave up indexing several years ago. Batterymarch is a contrary investor, concentrating on out-of-favor stocks.

Its net dollar gain was $1.1 billion. It drew $709 million from 17 new clients and $447 in new contributions from existing clients. It lost $34 million from one client.

Its net percentage gain was 9.7%, bringing its total tax-exempt assets under management to $11.8 billion. ■

Index-fund firms . . .

Continued from page 4

manager and use value-oriented managers like Bernstein to round out their investments, Mr. Abramson said, while smaller funds tend to go with value-oriented managers generally.

Bernstein also differed from the other large gainers in that it landed a large number of small accounts rather than a small number of large ones. It had 187 new clients for equity or balanced accounts. Its new equity business came to $1.1 billion.

The firm with the fifth largest gain, State Street Bank and Trust Co. of Boston, does much passive management. It developed stock index futures funds and offers U.S. and international index funds and several other investment vehicles, said Ron Golz, executive vice president.

"We're not a 'plain vanilla' equity manager," he said.

State Street gained $720 million in equity business in 1984. Much of this gain came from 401(k) plans, Mr. Golz said.

Indexing was not prevalent among midsized and small firms that had major equity business gains.

Of firms with between $250 million and $1 billion under management, Treyner-Arbit Associates, Chicago, won the most equity business — $365 million.

"Our approach is what we call opportunistic," said Ed Matz, senior vice president and director of marketing. The firm doesn't restrict itself to one type of stock, but invests in situations where there appears to be a bias that prevents the market from seeing the value of a stock, he said.

Another large gainer among the midsized firms was Newbold's Asset Management, Philadelphia, with $274 million in new business. The company is value oriented and buys stocks with low price-earnings ratios, said Timothy Havens, president.

"Our brand of management seems to be the in thing," Mr. Havens said.

Among firms with less than $250 million under management, many of those posting large gains were new firms just getting major commitments.

"You go through a dramatic growth stage," said Mitchell Milius, president of PRIMECAP Management Co., Los Angeles, the top gainer among small firms.

In business since September 1983, the value-oriented firm gained $162 million in equity business in 1984.

Another new firm on the list was Daniel Breen & Co., Houston, which gained $78.5 million in equity business. Daniel Breen, president, said he thinks the firm's equity investment strategy, which is value oriented and rotational, is the factor that has brought in the clients. The company, which also does fixed-income management, has been in business since December 1983. ■

Dedication . . .

Continued from page 4

However, Mr. Watts said he sees a resumption of interest in active management.

Active management did have its fans in 1984. A large firm that posted a major gain without being involved in dedication or immunization was Miller Anderson Sherrerd, Bala Cynwid, Pa., with $823 million in new business.

The firm is a strategic market timer with an emphasis on mortgage-backed securities, said Fred Owens, director of marketing.

Several midsized firms that manage bonds actively also registered significant business gains.

CM&M Asset Management Co., Philadelphia, gained $134 million in fixed-income business, the largest gain in its category of firms managing between $250 million and $1 billion.

CM&M is an active, risk-averse manager, investing in instruments ranging from short-term cash equivalents to 30-year bonds. As for dedication and immunization, "that's not our style," said Lacy H. Hunt, president and founder.

The second largest gainer in that size category was The Chicago Corp., Chicago, which also is an active manager that has done nothing with dedication or immunization. It gained $111 million in fixed-income business, due largely to its performance and success in forecasting interest rate fluctuations, said Charles Klimkowski, vice president.

The third largest gain among managers in that size category also was shown by an active manager, Investment Counselors of Maryland. President Craig Lewis said his firm's approach is to divide each portfolio into two portions, with half being underpriced fixed-income securities and the other half positioned in bonds or cash equivalents of various maturities, depending on the interest rate forecast. The company gained $70 million in fixed-income business in 1984.

The biggest fixed-income business gain among firms with less than $250 million under management was $88 million by Summit Management Co., Los Angeles, which does some dedication and might do more in the future, said Bill Hildeburn, vice president in charge of fixed-income investments.

The company's philosophy of fixed-income management is to emphasize U.S. Treasury issues rather than other types of bonds, and to adjust maturity schedules according to the direction of interest rates. However, the company doesn't buy bonds with maturities greater than 10 years, Mr. Hildeburn said.

Lotsoff Capital Management, Chicago, had the second largest gain among small firms, with $65 million. The company uses a variety of approaches, both active and passive, depending on the needs of clients, said Seymour Lotsoff, president.

Officials of the top-gaining firms said it's not just the investment approach that brings in business. Other factors are past performance and the reputation of company principals. ■

Pensions & Investment Age's regular Datebook section lists upcoming conferences and seminars of general pension interest as well as those concerning real estate, corporate finance and cash management. If you are sponsoring a conference or meeting and wish it to be listed, please send the information to: Eddy Christman, *Pensions & Investment Age*, 220 E. 42nd St., New York, N.Y. 10017.

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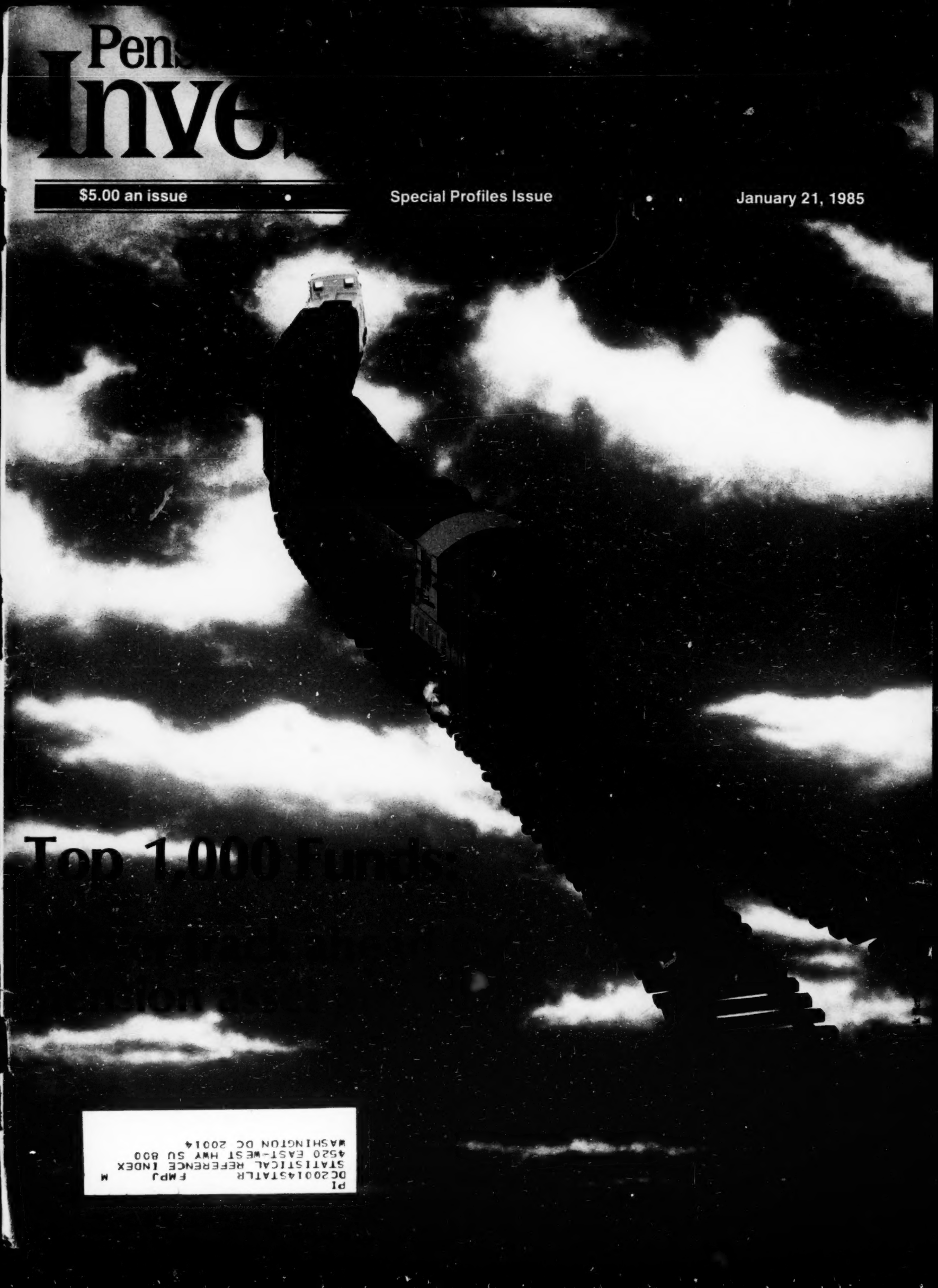

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AAFES selects 7 in push for diversification

By Fred Williams

DALLAS — The Army and Air Force Exchange Service pension fund continued its diversification efforts by hiring five real estate managers, one venture capital manager and a manager for options overwriting.

Martin Rodman, assistant comptroller-insurance, said AAFES decided on three closed-end and two open-end real estate pools with the goal of reaching a 10% target allocation.

The new accounts will be funded by contributions to the plan, he said; no managers were terminated as a result of the hirings.

The new closed-end real estate managers and the amount to be assigned to each are: JMB Institutional Realty Corp., Chicago, $5 million; LaSalle Advisors, Chicago, $5 million; and The RREEF Funds, San Francisco, $15 million.

Mr. Rodman said J.P. Morgan Investment Management Inc., New York, was hired to manage $5 million in its open-end funds. The firm was selected because of its style, which includes structural renovations; he said it fits well with the AAFES investment philosophy.

Goldman, Sachs & Co., New York, was hired to manage $2 million in its open-end commingled fund. It will be funded through contributions and will receive distributions from the three new closed-end accounts and from the two existing real estate accounts, Mr. Rodman said.

AAFES' two existing real estate managers are John Hancock Mutual Life Insurance Co., with $33 million, and Aetna Life Insurance Co., with $21 million.

The new hirings bring AAFES' total real estate commitment to $86 million, or about 11%.

The three closed-end real estate funds were selected to form a universe from which the pension fund can select with the expectation that at least one fund would be open every year, Mr. Rodman said.

The $765.3 million AAFES fund also hired Manufacturers Hanover Investment Corp. to manage a $5 million separate venture capital account. Manufacturers Hanover will serve as investment adviser on venture capital partnerships, said Mr. Rodman.

In addition, the AAFES plan also hired Balch, Hardy & Scheinman Inc., New York, for options overwriting contracts on stocks held by the fund's equity managers.

Mr. Rodman said all the hirings took place during the fourth quarter of 1984 and all contractual arrangements were completed by the end of the year.

The additional real estate managers are part of a diversification movement by the fund, started in 1982. It is part of the fund's turn toward more active management and the hiring of multiple managers. Until 1982, the fund had only two managers, both insurance companies.

In earlier efforts, AAFES hired international and fixed-income managers in 1983, and added equity managers in 1982.

The asset mix of the fund on Sept. 30 was 58% stocks, 5% bonds, 1% cash, 7% real estate, 2% mortgages, 2% guaranteed investment contracts and 25% insurance general accounts. ■

Pensions & Investment Age

Pension asset growth stunted in 1984

NEW YORK — The growth of employee benefit assets slowed dramatically in 1984 under the impact of relatively flat stock market performance, a decline in employer contributions and the terminations of some large plans.

The assets of the nation's 1,000 largest employee benefit systems — which encompass pension, profit-sharing, 401(k) and thrift plans — grew 6.9% to $861.6 billion in the year ended Sept. 30, 1984, compared with 29.4% the previous year.

The assets of the Top 200 employee benefit systems grew even more slowly — 5.9% to $641.4 billion. Pension plan assets, which make up the bulk of total assets, grew only 5.7% to $575.5 billion.

The growth rate was affected by a stock market that grew only 4.2% in the year, a bond market up only 7.1%, a decline in employer contributions to the 200 largest plans of $3.4 billion, and the termination of several Top 200 corporate funds.

The decline in contributions and the terminations resulted, in part, from the excellent investment returns pension funds have achieved in the past five years, and the high interest rates.

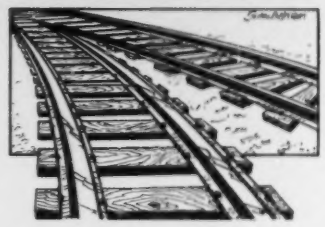
The returns have brought some funds to a fully funded condition, requiring them to reduce contributions and encouraging some companies to terminate plans and recover excess assets.

In addition, some companies have reduced their work forces, reducing their long-term obligations. Others have lowered their salary assumptions, reducing the required contribution.

Other companies have been able to lock in the higher interest rates through immunization, dedication or the purchase of guaranteed investment contracts, raising the assumed rate of return on their investments. This, in turn, allowed many to reduce their contributions.

The number of funds with dedicated or immunized bond funds increased modestly to 39 from 31, but the amount of assets in such funds almost tripled to $17.2 billion from $6.6 billion.

American Information Technologies Corp., one of the new telephone operating companies spun off from American Telephone &



Telegraph Co., and Chrysler Corp. were among the companies that dedicated large parts of their pension funds during the year.

One other factor contributed to the slow growth of the assets of the Top 200 plans — the breakup of the huge AT&T plan into eight plans. For the year ended Sept. 30, 1983, the single AT&T plan had $61.2 billion in total assets, composed of $53.9 billion in pension assets and $7.3 billion in savings assets.

For the year ended Sept. 30, 1984, the assets are in eight plans, all of which are among the 100 largest plans. They displaced from the Top 100 other pension funds that were included in last year's survey.

As a result of all of these factors, the assets of the corporate plans in the Top 200 showed virtually no growth in the 12 months ended Sept. 30, totaling $325.5 billion compared with $320.1 billion, a 1.7% gain.

The assets of public plans in the Top 200, on the other hand, grew 9.3% to $279.8 billion. The top union

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Wickes shifts to cash in termination step

By Barry B. Burr

SANTA MONICA, Calif. — Wickes Cos. put almost its entire $130 million in pension assets into cash equivalents, firing seven money managers, in a prelude to terminating most of its pension plans.

Wickes hired Bankers Trust Co. to liquidate most of the pension assets. Bankers sold off $73 million in equities, mostly in December, using stock-index futures and other trading techniques.

In addition, the fund sold off another $20 million in bonds to put into cash equivalents.

Bankers, Wickes's master trustee, is investing the proceeds — about $90 million — for the fund in short-term instruments.

"Our time horizon right now is short term as opposed to long term," said John I. Weisickle, Wickes' manager of treasury planning analysis.

Jay Adams Knight, associate counsel, said Wickes needs the liquidity to purchase annuities to cover liabilities as it terminates pension plans during 1985.

Wickes retained one money manager, Rosenberg Capital Management, San Francisco, running a $40 million bond portfolio. Mr.

Continued on page 120

Experts fear pension fund interest will cool

DOL proposal may curb pools

By Joel Chernoff

WASHINGTON — The Department of Labor's proposed plan assets regulation might chill pension fund interest in various real estate equity, venture capital and oil and gas investments, some pension experts say.

Moreover, future deals might be drastically restructured, while ambiguities in the proposal might cause difficulties for such investments as those involving hybrid debt/equity instruments, critics assert.

About $1 billion in pension assets are in investments affected by the regulation, the DOL has estimated.

The proposal, which the department has struggled to write for 10 years, is designed to clarify whether a pension fund's interest in a pooled investment or the underlying assets of the pool are considered pension plan assets.

Generally, the proposal states plan investments would not cause the pool's assets to be considered plan assets. But where a plan obtains an equity interest in a pool that is neither a publicly offered security nor a security issued by a registered investment company, the "look through" to the underlying assets would occur.

The proposal provides exceptions to that test, including key provisions for the real estate and venture capital industries.

However, if the pool's underlying assets are deemed plan assets, the pool manager would become subject to the Employee Retirement Income Security Act's fiduciary standards.

That would expose the managers to the law's prudent investment and reporting rules, force them to diversify their investments, make their incentive compensation schemes illegal and impair their ability to conduct business with service providers and others with whom they have existing relationships.

In addition, the rule might cause some managers to rush to close currently marketed pools by May 8, a key cutoff date in the proposal.

"You certainly are in a quandary as you're planning new products," said William Salisbury, general counsel for Copley Real Estate Advisors, Boston.

However, some advisers believe their businesses will be unharmed by the proposal.

"Now, the law is in a state of confusion," said Stan Zarrow, director of legal services for TCW Realty Advisors, Los Angeles. The proposal is "a benefit to the real estate industry, rather than a detriment."

Robert Monks, former U.S. pension administrator, said the Labor Department has sought to "shape a regulation that is least burdensome to plans and minimally disruptive to the normal business operations of companies."

However, additional regulation is needed in some cases, he said.

Continued on page 124

Late news

Buy-back discussed

ATLANTA — Employees of Montag & Caldwell Inc. reportedly are in negotiations to buy back the more than $400 million money management operation from parent Alexander & Alexander Services Inc. Solon Patterson, Montag's chairman of the board, said he could not comment unless an agreement had been reached and it had been discussed with clients. Alexander & Alexander bought Montag in 1979.

Cabanne Smith hired

SEATTLE, Wash. — Boeing Co.,

Continued on page 4

United Air Lines' pension contribution cuts have been attributed to an overfunded plan and perhaps a need for cash.

Pension contributions cut

United gets 'windfall'

By Barry B. Burr

CHICAGO — Security analysts attributed United Air Line's more than $100 million in pension contribution cuts to a substantially overfunded pension plan and perhaps a need for cash to buy more aircraft in 1985.

In all, United cut its pension expense for 1984 by $125 million.

The saving will boost the pretax operating income of its parent, UAL Inc., by the same amount for the year, the company said.

One analyst called it "a windfall" for United.

The company said it expects to release its preliminary fourth quarter financial report at the end of January. In the first three quarters, its pretax operating income was $347 million.

In 1983, UAL's pretax operating income was $216 million.

The latest cut, announced this month, was for $89 million recorded in the fourth quarter ended Dec. 31. Early in 1984, United had made a $36 million cut in pension expense.

United said it contributes in cash annually to the pension plan the same amount UAL expenses in pension costs in its consolidated corporate income statement.

For 1983, United's pension expense was $258.6 million. In 1982, it was $215.9 million; in 1981, $242.5 million.

In 1983, United said it paid $150 million in benefits, meaning it had been making annually about $100 million more in contributions than it paid in benefits.

United wouldn't estimate its corporate pension contribution, after the cuts, for 1984. But using recent data as a guide, the $125 million in reductions will cut the expense in roughly half, to about $130 million.

At L.F. Rothschild Unterberg Towbin, Timothy Pettee, senior analyst, said, "It's been widely known for some time their pension plan has been overfunded," adding, "United most likely will have small

Continued on page 122

Teamsters' equities to get new managers

By Barry B. Burr

CHICAGO — Morgan Stanley Inc. will make major changes in the equity managers of the Teamsters, Central States, Southeast & Southwest Areas Pension Fund during the next few months, said George W. Lehr, the fund's executive director.

Morgan Stanley's request that it run the Central States' $1.7 billion equity portfolio was tentatively denied by the Department of Labor, which cited conflict of interest, divided loyalties and abandonment of fiduciary responsibility.

Morgan Stanley will have to rely on outside managers for its restructuring of the fund's equity strategy.

"I think they will make changes in the equity managers in the next 60 to 90 days," Mr. Lehr said.

He said Morgan Stanley, which sought to have a single equity management approach, will continue to have a multimanager lineup for the equities. However, he wouldn't say which, if any, of the existing managers would be retained and whether any new managers would be hired.

"They will structure it (the fund's equities) in such a way to do through the managers what they (Morgan Stanley) would have done themselves (had Morgan Stanley become the equity manager)," Mr. Lehr added.

The Labor Department, in its ruling, in effect, dismissed Mor-

Continued on page 119

4 pension funds, 1 foundation select international advisers

By Rose Darby

NEW YORK — Four corporate pension funds and one college foundation have moved into international investment, while at least two other funds have made tentative selections.

Those that have not yet finalized hirings are in the process of presenting the idea to their trustees; they requested anonymity until they get the green light.

Cargill Inc. gave permission to invest internationally to both Batterymarch Financial Management, Boston, and IDS Advisory, Minneapolis. Both already handle domestic equity accounts for the company's $160 million employee benefit funds, said Harry Adams, secretary of Cargill pension trust.

"We have allowed a total of about 10% to go into foreign equities, as of Jan. 1," he said. "In both cases, we're using commingled funds."

Batterymarch was selected because it will apply to foreign investment the computer-driven contrarian approach it has used traditionally on the domestic side of investments, said Mr. Adams.

IDS-Gartmore International, the international investing arm of IDS Advisory, will use an approach based more on fundamentals, he added.

The Stanley Works, New Britain, Conn., selected its first international manager by hiring IDS-Gartmore to manage roughly 5% of its $150 million total employee benefit funds, said Robert E. Johnson, vice president and treasurer.

The principal reason behind the move is "the perception that international equity performance is often countercyclical with U.S. equity market performance," he said. "And, we did it for diversification of the fund," he added.

Another tax-exempt fund to take the plunge into international for the first time was the $75 million to $80 million Mount Holyoke College endowment fund, according to Merrill Ewing, treasurer.

The fund hired Putnam International Advisors, Boston, to manage a separate equity account, he said. The initial investment totaled $5 million, he added.

Two corporate pension funds have hired New York-based SBC Portfolio Management International Inc., according to John Conlin, director of marketing.

Continued on page 119

NYC picks Damsma as fund chief

By Eddy Christman

NEW YORK — Marvin L. Damsma, formerly pension fund manager at Kellogg Co., Battle Creek, Mich., has been tapped to oversee the investment of the $23 billion New York City Employees Retirement System.

Mr. Damsma's title is third deputy comptroller.

He replaces William Badger, who left, according to sources, because of political differences over the pension fund with Comptroller Harrison J. Goldin.

Mr. Damsma left the cereal maker last year in June over a philosophical difference on how to invest the pension fund (*Pensions & Investment Age*, June 25.) Mr. Damsma had wanted to explore alternative investments while his superiors preferred the conventional approach used by the fund.

Mr. Damsma said he doesn't foresee any potential areas of conflict in New York. "The comptroller is my boss, and my job is to implement the comptroller's and the trustees' policy," he said.

Indeed, Mr. Damsma's investment philosophy might have been helpful in landing the job, because the New York City system has been trying to expand its alternative investment holdings.

Mr. Badger had taken the initial step in broadening the fund's holdings by undertaking a search for international money managers. He

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Late news

Continued from page 3

with roughly $5 billion in employee benefit assets, hired Cabanne Smith Associates, King of Prussia, Pa., to manage an equity account, according to a Boeing spokesman. Officials refused to reveal the amount to be invested.

Foundation hires 2

AMES, Iowa — The Iowa State University Achievement Foundation has appointed two new investment managers for its approximately $30 million portfolio, said Evelyn Morgner, senior consultant with Peat, Marwick, Mitchell & Co.'s Investment Supervision Consulting Group, New York, which acted as consultant.

GEMINI Capital Management Inc., Atlanta, Ga., was selected as an equity manager and Wilmington Trust Co., Wilmington, Del., as a fixed-income manager. Ms. Morgner declined to say how much each manager would receive.

Real estate eyed

NEW YORK — Three J.P. Stevens & Co. Inc. pension plans are seeking to become the co-owner of a St. Petersburg, Fla., shopping center with National Life Insurance Co.

According to a notice in the Federal Register, National Life would contribute the Southside Shopping Center, valued at $2.7 million, to a new limited partnership, and receive $700,000 in cash.

The J.P. Stevens plans, which have total assets of about $300 million, would invest $1 million. Stevens has committed $30 million to real estate.

State Mutual hired

WORCESTER, Mass. — Morrison Inc., Mobile, Ala., has hired State Mutual Life Assurance Co. of America to manage the firm's 401(k) plan. The company will make approximately $2 million in 1985 401(k) deposits in State Mutual's guaranteed fund.

Klotz starts firm

CHICAGO — Larry G. Klotz, one of the founders of Dimensional Fund Advisors Inc., has resigned and is starting an investment management firm, Larry G. Klotz Inc.

Mr. Klotz said the new firm will open in four to six months, and will begin by specializing in fixed-income products.

Mr. Klotz founded DFA in 1981 with David Booth and Rex Sinque-

field. He was executive vice president and treasurer at the time of his resignation. He said he had wanted to start a new firm for some time and declined to reveal any other reasons for leaving.

Personnel moves

• NEW YORK — Gary Gerstein, formerly senior vice president at Chase Investors Management Corp., New York, has joined the new management team at Century Capital Associates as a general partner. Mr. Gerstein, who ran the intrinsic-value equity fund at Chase Investors, will share the titles of chief investment officer and managing partner with Thomas Jackson.

• WINDSOR, Conn. — Stanadyne Inc.'s treasurer, John H. Lawrence, who also oversees the company's $110 million in pension assets, is retiring at the end of February. Michael J. DiFranco, vice president-financial services, will become treasurer, also assuming pension fund responsibilities.

• NEW YORK — Robert T. Davis, executive vice president of Eastdil Advisers Inc., New York, has become head of its capital management group, the division of the real estate investment banking firm that manages investments for pension funds.

He replaces James J. Gallagher, who left the firm Jan. 11.

• NEW YORK — Sarah Morton-Jones, previously with Waddell and Reed Asset Management Co., Kansas City, Mo., will join Simms Capital Management on Feb. 4.

She will be assistant portfolio manager and foreign investments analyst for Simms and will also be responsible for client counseling.

Apartheid dispute

ALBANY, N.Y. — New York Comptroller Edward V. Regan has refused Gov. Mario Cuomo's request to participate in a study to determine whether the state should use its pension fund to oppose "the evil system of apartheid" in South Africa.

Marvin Nailor, the comptroller's press secretary, said Mr. Regan is opposed to apartheid, but as the sole trustee to the $23 billion retirement system, his major concern is to protect and enhance the employee benefit assets.

Mr. Nailor said the comptroller doesn't believe public pension funds should be used to dictate foreign policy and fears it could encourage others to try to use the pension fund assets as a financial weapon.

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Profiles: The top 200

'84 payouts top contributions

By Trudy Ring

Many large corporate and union pension sponsors contributed less to their pension funds than they paid in benefits in 1984, as the plans neared or reached full funding and as the number of retirees increased.

A survey of 69 corporate and union pension funds showed the amount that benefit payments exceeded contributions dropped by more than two-thirds between 1983 and 1984.

Benefit payments exceeded contributions by $305 million for the year ended Sept. 30, compared with a $1 billion excess of benefits over contributions a year earlier.

The 69 pension funds were chosen because they were ranked in *Pensions & Investment Age's* Top 200 both years, and provided contribution and benefit figures each year.

The funds' contributions dropped 0.2%, to $9.19 million in 1984, from $9.21 billion in 1983, while benefits rose 16%, to $9.5 billion from $8.1 billion.

A study by SEI-Funds Evaluation, Chicago, confirmed a trend toward benefit payments becoming greater than company contributions.

The study, conducted for the Federal Reserve Bank, showed there was a net outflow of pension assets in the quarter ended June 30 of $659 million, and a net outflow of $60 million in the September quarter.

Don Korytowski, vice president in charge of product planning at the consulting firm, gave a number of reasons for the development.

Because of good investment performance in recent years, particularly in 1982, many funds were fully funded or overfunded, so contributions had to be cut back. In addition, many companies had reduced employment during the recession, reducing the future liability. Even those companies whose funds were not fully funded had been able to increase their interest assumptions or reduce their salary assumptions, thus reducing contributions.

On the other hand, "the benefits are going up because the plans are maturing and people are retiring," said Paul Jackson, vice president of The Wyatt Co., an actuarial firm based in Washington, D.C.

Mr. Jackson said increases in the market value of pension assets due to good investment performance during 1983 pushed many plans near the full funding mark, leading to decreased contributions in 1984.

An official of R.J. Reynolds Industries, Winston-Salem, N.C., concurred with that conclusion.

"The reduction in contributions generally reflects the good performance of the funds over the last few years, so they're able to be adequately funded without a lot of new contributions," said the official.

R.J. Reynolds' contributions totaled $52 million in 1984, down from $95 million in 1983. Benefit payments were $55 million last year and $58 million in 1983.

Several pension funds received little or no contributions in 1984.

Hercules Inc., Wilmington, Del., made no pension contribution because its plan is fully funded. When plans are fully funded, sponsoring companies no longer receive tax deductions for new contributions.

Hercules paid out $32 million in benefits last year. In 1983, it had made a contribution of $40.8 million and paid out $31.2 million.

The Firestone Tire and Rubber Co., Akron, Ohio, made no pension contribution for the second consecutive year. The plan is overfunded by an estimated $373 million, and Firestone is ending it to recapture between $250 million and $300 million in assets, replacing it with another defined benefit plan with equal benefits. The company bought annuities from CIGNA Corp. as an early step in the procedure.

Firestone's 1984 benefit payments amounted to $104 million, down from $120 million in 1983.

FMC Corp., Chicago, cut pension contributions sharply because the plan is approaching full funding. Officials did not disclose the size of the pension contributions, but said most of the $12 million in new funding went to a 401(k) plan. FMC paid $40 million in benefits in 1984. In 1983, it made $40 million in contributions and paid $30 million in benefits.

Declines in employment led to decreased contributions and increased benefit payments in some cases. The New York-based U.S. Steel and Carnegie Pension Fund's benefit payments increased as many workers took early retirement, while contributions decreased because they are tied to employment levels.

Contributions to the fund for 1984 amounted to $202 million, while benefits paid came to $795 million. The difference was even greater than in 1983, when contributions were $295 million and benefit payments, $700 million.

U.S. Steel officials said they do not expect contribution levels to pick up unless the steel industry does. Also, they expect high benefit levels to continue for many years.

Officials of McDermott International, Nassau, Bahamas, also said declining employment was responsible for decreased contributions. Contributions declined to $50 million in 1984 from $80 million in 1983. Benefit payments amounted to $48 million in 1984 and $40 million in 1983.

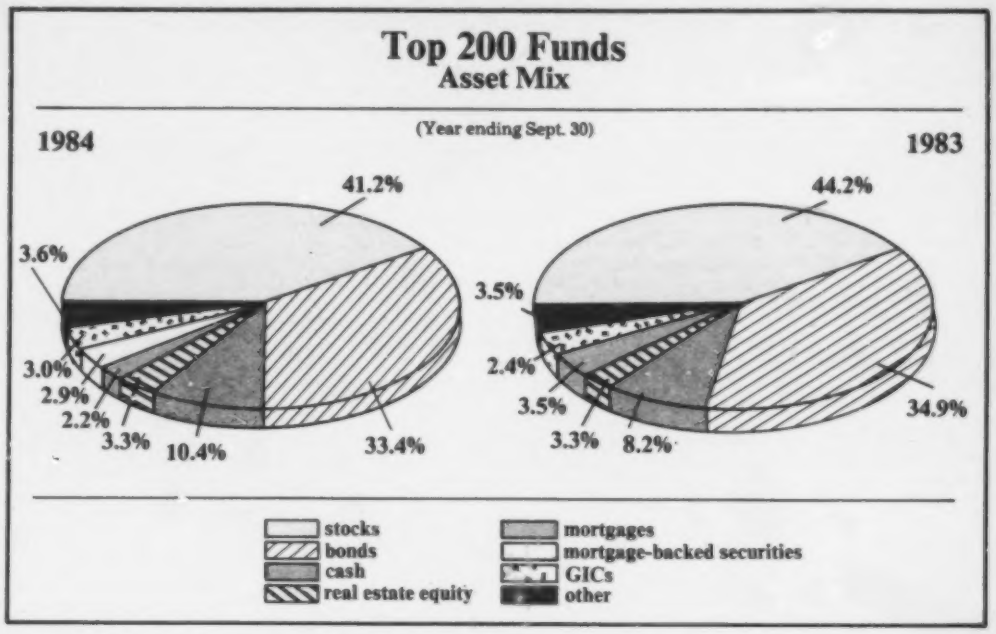
Dedication of assets also resulted in lowered contributions for some companies. Eli Lilly & Co., Indianapolis, attributed its decrease in contributions, to $46 million from $68 million, partly to a dedicated bond portfolio. Lilly's benefit payments changed little from 1983 to 1984, going to $30 million from $28 million.

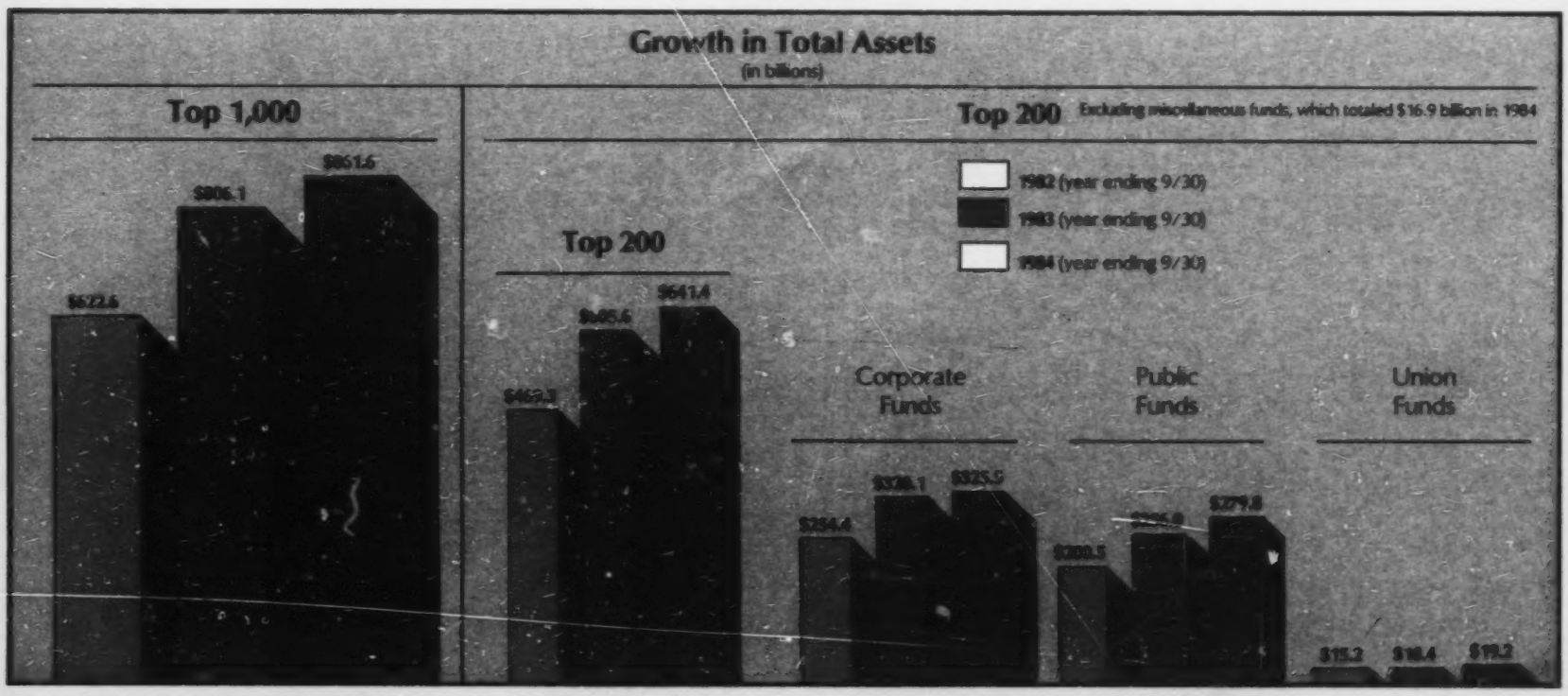
Officials of Bethlehem Steel Corp., Bethlehem, Pa., expect last year's dedication of the fund's entire $1.328 billion fixed-income position to save the company about $50 million in annual contributions in the coming years. The company's 1984 contribution was $300 million, down from $360 million in 1983, while benefits also declined, to $425 million from $500 million.

Several companies that bucked the trend by increasing contributions in 1984 had substantial unfunded pension liabilities.

For instance, International Harvester Co., Chicago, resumed annual contributions after having deferred most of them in 1982 and 1983. Harvester's 1984 contributions amounted to $117 million, up from $40 million in 1983. Benefit payments were $200 million in 1984 and $220 million in 1983.

Chrysler Corp., Detroit, stepped up its contributions to further reduce unfunded liabilities. Contributions came to $456 million in 1984, up from $270 million in 1983. Benefit payments were $360 million last year, up slightly from 1983's $340 million. ■





Top funds . . .

Continued from page 3

funds grew 4.3% to $19.2 billion.

The fastest growth among the nation's largest employee benefit plans occurred among those ranked 201 to 1,000. The assets of these 800 plans grew 10% during the year to $220.1 billion.

Contributions by the sponsors of the 200 largest plans declined by $3.4 billion during the year to $30.3 billion. This followed a similar decline in 1983 from the peak of $37.1 billion in 1982.

Approximately $300 million of the decline in contributions resulted from the dropping of funds from the Top 200 brought about by the AT&T breakup.

Corporate fund growth also was affected by the weakness of the American metals industries and employment declines in other industries.

The decline in employment in these industries has affected contributions to the funds, and in the case of the U.S. Steel & Carnegie Pension Plan, benefit payments far exceed contributions. (*See related story, page 13*).

As corporations moved to lock up the market gains of the past several years, they dramatically reduced their average commitment to common stocks. This declined to 48.2% in 1984 from 55.1% in 1983.

The total fixed-income commitment, including bonds, mortgage-backed securities, mortgages and GICs, increased to 33.3% from 29.8%. Even this might be understated as other investments, principally annuities, increased to 5.1% from 2.4%.

Within the fixed-income commitment, the GIC holdings more than doubled to 4.5% from 1.8%.

The real estate equity investments declined to 3.9% from 4.3%, and the cash position increased to 9.5% from 8.4% in 1983.

Public funds slightly reduced their stock and bond commitments while increasing their mortgage, mortgage-backed securities and cash positions.

Their common stock position declined to 27.1% from 28.7%, and the bond position dropped to 47.8% from 51.5%. The cash position climbed to 11.1% from 9.5% last year, and the mortgage and mortgage-backed securities position grew to 11.3% from 8.9% a year ago.

Union funds increased their equity commitments to 28.3% from 26.2%, while reducing their total fixed-income investments slightly to 51.7% from 54.9%. They increased their real estate equity investments to 6% from 5.1%, while leaving cash almost unchanged at 14%.

For the first time, each of the Top 5 employee benefit plans has assets of more than $20 billion. Because of the breakup of the AT&T plan, the New York State Common Retirement Fund replaced AT&T as the employee benefit system with the largest pool of assets — $22.8 billion as of Sept. 30.

The state's contribution to the fund totaled $1.5 billion in 1984 and benefit payments totaled $785 million.

Most of the assets, $19.9 billion, are managed internally, although eight outside equity managers and two outside real estate managers are used.

While 31.7% of the assets are invested in equities and 38.2% in bonds, the fund has significant commitments in mortgages and mortgage-backed securities, with smaller commitments to real estate and venture capital.

The second largest fund was that of General Motors Corp., which offers its employees a pension plan with assets of approximately $20.3 billion and thrift plan assets of approximately $2.5 billion, for a total estimated by *Pensions & Investment Age* at $22.8 billion.

The California Public Employees Retirement System was the third largest, with assets of $22.7 billion, followed by the AT&T plan, $21.5 billion, and the New York City Employees Retirement System, $21.2 billion.

There are 85 plans with assets of more than $2 billion and 168 with assets of more than $1 billion. The smallest plan in the Top 200 is that of Sandia National Laboratories with assets of $764 million.

These statistics were obtained from *P&I Age* questionnaires sent to the sponsors of the nation's 200 largest employee benefit systems. Less detailed questionnaires were sent to the next 800.

For a few funds that did not respond before the deadline, the information was obtained from the 1985 Money Market Directory.

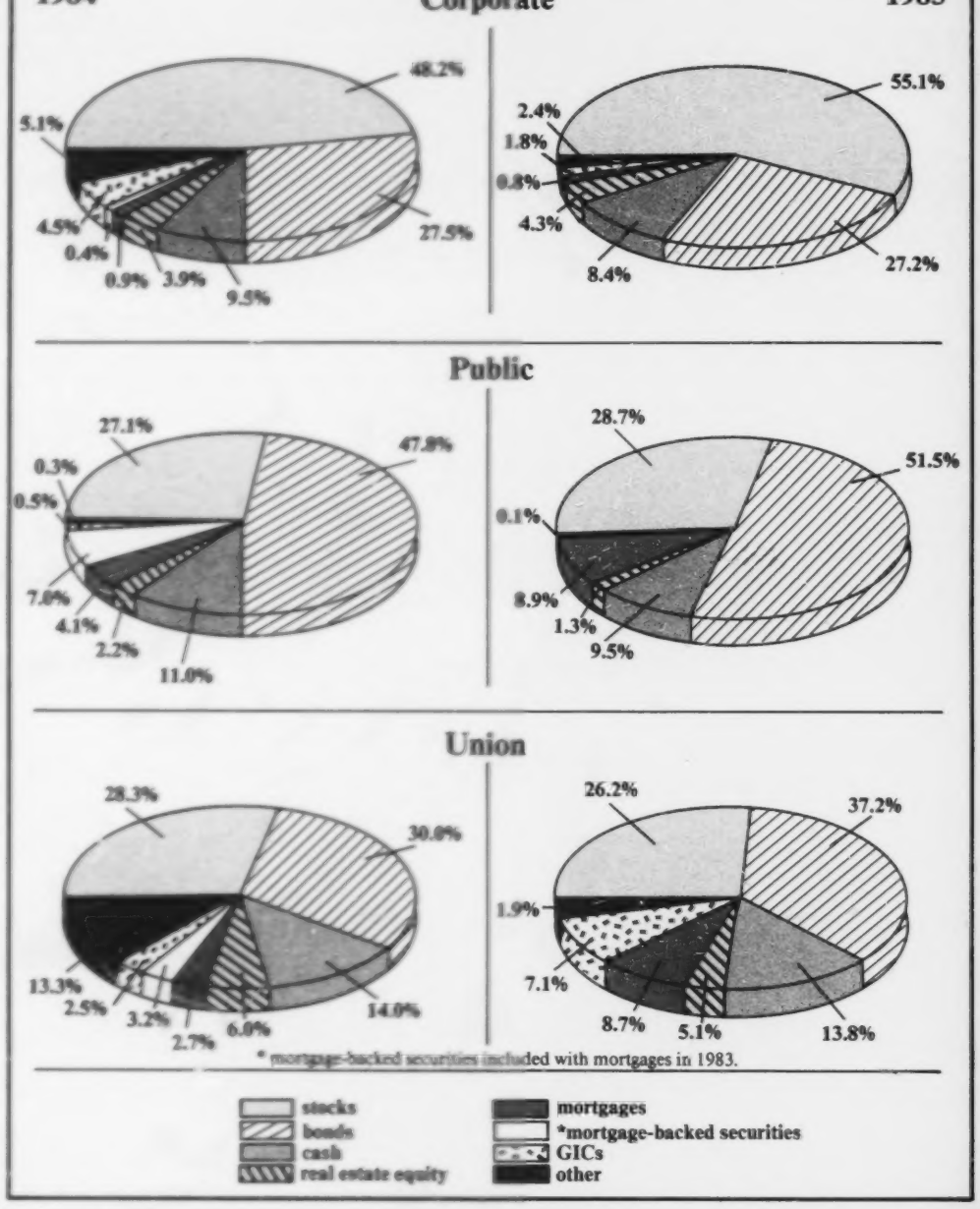
Other information obtained from the survey includes:

- The number of Top 200 funds investing in real estate jumped to 138, and the amount of assets invested in real estate climbed to $16.5 billion, up from $14.9 billion last year.
- The amount of money invested in GICs increased almost $2 billion to $11.7 billion.
- The amount of assets indexed surged to $30.1 billion from $24.4 billion, and the number of funds with indexed assets increased to 53 from 45.
- The Top 200 funds had $16 billion invested directly in mortgages and $18.8 billion in mortgage-backed securities.
- Fifty-six of the funds had at least $1.8 billion invested in venture capital and 29 had at least $693 million in oil and gas programs (a number of funds admitted such investments but would not reveal the amounts).
- The number of funds using options increased to 59 from 49 in 1983 and 41 in 1982. The number of funds using financial futures also increased to 40 from 26 in 1983 and 13 in 1982.
- Surprisingly, the amount of assets invested internationally by the 200 largest funds increased only about $1 billion in 1984 and the number of such funds acknowledging such investments remained unchanged at 76.

However, a number of funds known to have international investments declined to acknowledge them and reveal the amount.

The totals of assets invested in these alternative investments are only for the Top 200 pension funds. Many medium-sized funds also have commitments outside of traditional stock and bond investments, but their commitments are not listed in these totals. ■

Top 200 asset mix 1984 vs. 1983



Pension Benefit Guaranty assets drop 7%

By Joel Chernoff

WASHINGTON — Assets held by the Pension Benefit Guaranty Corp. dropped 7% in the 12-month period ended Sept. 30, declining to $1.06 billion from $1.14 billion, according to agency estimates.

However, Charles C. Tharp, the PBGC's executive director, noted the figures were unaudited. He said the final figures will be included in President Reagan's budget submission, due Feb. 4.

The lack of any terminations of substantial, underfunded plans partially was responsible for the slight decline in assets, Mr. Tharp confirmed.

When a plan with insufficent assets to cover guaranteed benefits is terminated, the agency becomes the plan's trustee and assumes control of its assets.

In addition, investment performance for the PBGC, as for pension plans as a whole, was pretty flat, he indicated.

Another reason for the drop is that the PBGC incurred its first negative cash flow in its 10-year history during 1984.

At the same time, the agency unsuccessfully sought a higher premium paid by single-employer plans. Without the higher premium, the agency risks becoming insolvent in the long run, Mr. Tharp has said.

The agency had gone to bat for an annual premium of $7 per participant compared with the current $2.60. In addition, the PBGC sought reform legislation to close up loopholes in the law that allow employers to dump their pension liabilities on the agency.

However, disagreements about provisions that would boost employer liability and the overall complexity of the proposal spelled its defeat. Other arguments arose over whether employers should share surplus assets from terminated overfunded pension plans with participants.

The PBGC is expected to have a new proposal shortly, with a premium ranging from $7 to $9.

The agency also completed an overhaul of its investment strategy during the year, bringing on new equity and fixed-income managers, as well as adding its first real estate managers.

In July, the agency hired five equity managers, bringing the total to seven. Picked were Chase Investors Management, Dimensional Fund Advisors, McCowan Associates, Rollert & Sullivan and United Capital Management. Retained were Alliance Capital Management and Putnam Advisory Co.

In the fall, the PBGC made its first real estate investments, selecting three closed-end funds to run initial commitments of $60 million. The managers are TCW Realty Advisors, JMB Institutional Realty and The RREEF Funds.

In addition, the PBGC hired Morgan Stanley to advise its $200 million-plus revolving government securities fund.

According to the Sept. 30 estimates, the PBGC had 31.5% of its assets in equities, 35.4% in bonds, 19.6% in cash equivalents 1.4% in real estate and 12% in insurance contracts, receivables and miscellaneous investments.

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Top 200 pension funds/sponsors

(Assets in $ millions)

1.	New York State Common	22,800
2.	General Motors Corp.	22,799
3.	California Public Employees	22,717
4.	AT&T	21,455
5.	New York City Employees	21,154
6.	General Electric Co.	13,338
7.	New York State Teachers	12,826
8.	California State Teachers	12,300
9.	IBM	10,918
10.	Texas Teacher System	9,753
11.	Ford Motor Co.	9,300
12.	New Jersey Investment	9,166
13.	Michigan State Employees	8,951
14.	Wisconsin Investment Board	8,692
15.	Ohio Public Employees	8,584
16.	Ohio Teachers	8,507
17.	E.I. du Pont de Nemours	8,120
18.	North Carolina Retirement	7,967
19.	Exxon Corp.	7,388
20.	Florida State	7,029
21.	Ameritech	7,000
22.	U.S. Steel & Carnegie	6,850
23.	Pennsylvania School Employees	6,597
24.	Bell Atlantic Corp.	6,300
25.	Minnesota Investment Board	5,607
26.	BellSouth Corp.	5,500
27.	Washington Investment Board	5,400
28.	Pacific Telesis Group	5,300
29.	Teamsters, Central States	5,169
30.	Teamsters, Western Conference	5,129
31.	Eastman Kodak	5,103
32.	Boeing Co.	4,948
33.	GTE Service Co.	4,900
34.	Rockwell International	4,900
35.	Sears, Roebuck & Co.	4,808
36.	Georgia State Systems	4,723
37.	United Technologies Corp.	4,631
38.	Shell Oil Co.	4,517
39.	Pennsylvania State Employees	4,453
40.	NYNEX Corp.	4,400
41.	Los Angeles County	4,394
42.	University of California	4,200
43.	Oregon Public Employees	4,200
44.	Colorado Public Employees	4,108
45.	McDonnell Douglas	4,108
46.	Maryland State Systems	4,107
47.	Lockheed Corp.	4,102
48.	Alabama Retirement Systems	4,095
49.	Mobil Oil Corp.	4,000
50.	Illinois Teachers	3,788
51.	Westinghouse Electric	3,650
52.	United Nations Joint Staff	3,610
53.	Southwestern Bell Corp.	3,590
54.	United Air Lines	3,500
55.	Tennessee Consolidated	3,400
56.	Allied Corp.	3,200
57.	Standard Oil Co. (Ind.)	3,144
58.	Arizona State System	3,063
59.	South Carolina Retirement	3,036
60.	Chevron Corp.	3,034
61.	Connecticut Trust Funds	2,979
62.	U S WEST	2,944
63.	Atlantic Richfield Co.	2,840
64.	Prudential Insurance	2,785
65.	United Mine Workers	2,784
66.	Caterpillar Tractor Co.	2,782
67.	Hughes Aircraft Co.	2,722
68.	General Dynamics	2,700
69.	RCA Corp.	2,500
70.	Union Carbide Corp.	2,500
71.	Texas Employees	2,459
72.	Mass. Employees & Teachers	2,400
73.	The LTV Corp.	2,338
74.	Bethlehem Steel Corp.	2,337
75.	Metropolitan Life Insurance	2,325
76.	Gulf Oil Corp.	2,238
77.	Hawaii Employees	2,200
78.	Monsanto Co.	2,200
79.	Chrysler Corp.	2,186
80.	Iowa Public Employees	2,173
81.	Missouri Public School	2,100
82.	Texaco Inc.	2,086
83.	Pacific Gas & Electric	2,068
84.	Phillips Petroleum Co.	2,055
85.	Detroit Retirement Systems	2,021
86.	Illinois Municipal Retirement	1,932
87.	American Airlines	1,912
88.	Procter & Gamble	1,886
89.	Kansas Public Employees	1,870
90.	Trans World Airlines	1,857
91.	Goodyear Tire & Rubber	1,854
92.	Aluminum Co. of America	1,824
93.	Delta Air Lines	1,800
94.	Conoco Inc.	1,800
95.	Tenneco Inc.	1,800
96.	Utah Retirement Fund	1,793
97.	Virginia Retirement	1,793
98.	Mississippi Public	1,773
99.	Grumman Corp.	1,726
100.	J.C. Penney Co.	1,718
101.	Northrop Corp.	1,700
102.	San Francisco City & County	1,700
103.	ITT Corp.	1,683
104.	Alaska State Systems	1,663
105.	Illinois State Board	1,630
106.	Xerox Corp.	1,611
107.	Deere & Co.	1,590
108.	R.J. Reynolds	1,582
109.	Illinois State Universities	1,581
110.	United Methodist	1,578
111.	Ohio Police & Firemen	1,559
112.	General Foods	1,555
113.	Minnesota Mining & Mfg.	1,542
114.	Signal Co.	1,500
115.	Eastern Air Lines	1,500
116.	Kentucky Teachers	1,485
117.	Ohio School Employees	1,484
118.	Sperry Corp.	1,461
119.	Martin Marietta Corp.	1,450
120.	Los Angeles Fire & Police	1,449
121.	Tennessee Valley Authority	1,449
122.	Armco Inc.	1,436
123.	Boilermakers, Blacksmiths	1,420
124.	Dow Chemical	1,400
125.	Owens-Illinois Inc.	1,400
126.	Sun Co.	1,381
127.	Dart & Kraft	1,373
128.	Consolidated Edison	1,359
129.	Aetna Life & Casualty	1,356
130.	Kentucky Retirement	1,356
131.	Chicago Teachers	1,343
132.	Indiana Public Employees	1,338
133.	TRW Inc.	1,336
134.	Southern Baptist	1,300
135.	Southern Co.	1,294
136.	Honeywell Inc.	1,285
137.	National Intergroup	1,280
138.	Marathon Oil Co.	1,271
139.	West Virginia Board of Inv.	1,265
140.	Louisiana State Employees	1,242
141.	Standard Oil Co. (Ohio)	1,240
142.	Nevada Public Employees	1,237
143.	International Harvester	1,227
144.	Commonwealth Edison Co.	1,218
145.	Inland Steel Co.	1,217
146.	Unocal Corp.	1,194
147.	Pan American World Airways	1,193
148.	World Bank	1,189
149.	Southern California Edison	1,175
150.	Citicorp	1,158
151.	Raytheon Co.	1,150
152.	FMC Corp.	1,148
153.	Textron Inc.	1,147
154.	Getty Oil Co.	1,128
155.	Continental Group Inc.	1,119
156.	Travelers Corp.	1,110
157.	New York Life Insurance	1,102
158.	PPG Industries	1,070
159.	L.A. City Employees	1,061
160.	National Rural Electric	1,055
161.	Oklahoma Teachers	1,045
162.	National Hospital & Health Care	1,037
163.	McDermott International	1,037
164.	Intl. Union of Oper. Eng.	1,037
165.	Philip Morris	1,025
166.	International Paper	1,014
167.	Bakery & Confectionary	1,010
168.	L.A. Water & Power	1,000
169.	Bechtel Power Corp.	985
170.	Cigna Corp.	982
171.	Hercules Inc.	965
172.	United Presbyterian Church	965
173.	Firestone Tire & Rubber	964
174.	Southern New England Telephone	930
175.	New Mexico Educational	929
176.	Arkansas Teacher Retirement	924
177.	Motorola Inc.	905
178.	Eli Lilly & Co.	902
179.	Greyhound Corp.	900
180.	Texas Municipal Retirement	900
181.	Chicago Municipal Employees	896
182.	Halliburton Co.	881
183.	John Hancock Mutual Life	873
184.	Florida Power & Light	869
185.	Philadelphia Municipal	860
186.	Texas Instruments	850
187.	Teledyne Inc.	848
188.	Marine Engineers Benefit	840
189.	Episcopal Ministers Church	820
190.	City of Milwaukee	814
191.	Eaton Corp.	813
192.	Texas County & District	803
193.	I.A.M. National	800
194.	Dresser Industries	800
195.	Ashland Oil Inc.	795
196.	K mart Corp.	780
197.	Houston Retirement	774
198.	Indiana State Teachers	773
199.	Army & Air Force Exchange	765
200.	Sandia National Labs.	764
	TOTAL	**641,400**

Ranking of funds/sponsors 201-1,000

Rank	Fund/sponsor	Location	Assets
201.	Merck & Co.	Rahway, N.J.	749
202.	American Can Co.	Greenwich, Conn.	754
203.	Delaware State	Dover	746
204.	North American Philips	New York	743
205.	Abbott Labs	North Chicago, Ill.	740
206.	Batus Inc.	Louisville, Ky.	737
207.	American Cyanamid	Wayne, N.J.	730
208.	Litton Industries	Beverly Hills, Calif.	728
209.	Kaiser Permanente	Oakland, Calif.	725
210.	Amer. Electric Power	Columbus, Ohio	724
211.	Chicago Policemen	Chicago	720
212.	Michigan Municipal	Lansing	720
213.	Colgate-Palmolive Co.	New York	711
214.	Fireman's Fund	Larkspur, Calif.	711
215.	Hewlett Packard Co.	Palo Alto, Calif.	710
216.	Warner-Lambert Co.	Morris Plains, N.J.	709
217.	Idaho PERS	Boise	708
218.	Bristol-Myers Co.	New York	707
219.	American Bar Assoc.	Chicago	705
220.	Dun & Bradstreet	New York	703
221.	Montana Board	Helena	703
222.	Oklahoma PERS	Oklahoma City	699
223.	Arkansas PERS	Little Rock	693
224.	Pacific Lighting Corp.	Los Angeles	693
225.	ILGWU	New York	689
226.	Santa Fe Southern	Chicago	688
227.	Duke Power Co.	Charlotte, N.C.	685
228.	NADA Retirement	McLean, Va.	683
229.	Carpenters, So. Calif.	Los Angeles	681
230.	Texas Utilities	Dallas	680
231.	Rohm & Haas	Philadelphia	680
232.	NCR Corp.	Dayton, Ohio	678
233.	Maine Retirement	Augusta	678
234.	Whirlpool	Benton Hbr., Mich.	675
235.	American Standard	New York	675
236.	Financial Instutions	White Plains, N.Y.	670
237.	Upjohn Co.	Kalamazoo, Mich.	668
238.	S. Calif. Food & Com.	Cypress, Calif.	661
239.	Montgomery Ward	Chicago	660
240.	Colt Industries	New York	660
241.	Olin Corp.	Stamford, Conn.	654
242.	GenCorp.	Akron, Ohio	650
243.	Safeway Stores	Oakland, Calif.	649
244.	Jewel Companies	Chicago	648
245.	Columbia Gas	Wilmington, Del.	647
246.	UFCW Union	Chicago	641
247.	Hallmark Cards	Kansas City, Mo.	640
248.	Scott Paper Co.	Philadelphia	638
249.	Manufacturers Hanover	New York	635
250.	United Telecom	Shawnee, Kan.	635
251.	W.R. Grace	New York	623
252.	Niagara Power	Syracuse, N.Y.	622
253.	B.F. Goodrich	Akron, Ohio	620
254.	Pfizer	New York	616
255.	Ariz. Public Safety	Phoenix	614
256.	United Parcel	Greenwich, Conn.	609
257.	Burroughs Corp.	Detroit	607
258.	Philadelphia Electric	Philadelphia	606
259.	PBGC	Washington	600
260.	McGraw-Edison	Rolling Meadows, Ill.	594
261.	Federated Stores	Cincinnati	590
262.	Consumers Power	Jackson, Mich.	580
263.	Manville Corp.	Denver	576
264.	N.H. Retirement	Concord	576
265.	SmithKline Beckman	Philadelphia	575
266.	Corning Glass	Corning, N.Y.	574
267.	Engineers, So. Calif.	Pasadena, Calif.	570
268.	CIBA-Geigy	Ardsley, N.Y.	570
269.	Boise Cascade	Boise, Idaho	566
270.	S. Dakota Retirement	Pierre	565
271.	YMCA Retirement	New York	565
272.	Borg-Warner	Chicago	564
273.	Weyerhaeuser Co.	Tacoma, Wash.	563
274.	Chicago Transit	Chicago	562
275.	Operating Engrs. #3	San Francisco	561
276.	InterNorth	Omaha, Neb.	560
277.	Burlington Industries	Greensboro, N.C.	559
278.	Northwest Airlines	St. Paul, Minn.	556
279.	Kaiser Aluminum	Oakland, Calif.	555
280.	Hoffmann La Roche	Nutley, N.J.	553
281.	Times Mirror Co.	Los Angeles	552
282.	Brown & Root	Houston	551
283.	Wyoming Retirement	Cheyenne	550
284.	Dana Corp.	Toledo, Ohio	550
285.	Middle South Utilities	New Orleans	549
286.	Georgia-Pacific Corp.	Atlanta	543
287.	Consolidated Nat. Gas	New York	541
288.	Public Serv. E&G	Newark, N.J.	535
289.	Johnson & Johnson	New Brunswick, N.J.	535
290.	Crown Zellerbach	San Francisco	533
291.	Union Pacific Corp.	New York	532
292.	Sheet Metal Workers	Washington	527
293.	General Public Utilities	Parsippany, N.J.	526
294.	Control Data	Minneapolis	525
295.	Westvaco Corp.	New York	523
296.	Carpenters, N. Calif.	San Francisco	521
297.	ARAMCO Serv. Co.	Houston	520
298.	Polaroid Corp.	Cambridge, Mass.	520
299.	Operating Engrs.	Seattle	517
300.	Wayne County System	Detroit	518
301.	Household Int'l.	Prospect Heights, Ill.	516
302.	Ingersoll-Rand Co.	Woodcliff Lake, N.J.	512
303.	Consolidated Rail	Philadelphia	510
304.	Missouri Retirement	Jefferson City	508
305.	AMAX	Greenwich, Conn.	506
306.	San Diego County	San Diego, Calif.	504
307.	Electricians, Emp.	Flushing, N.Y.	500
308.	Central & Southwest	Dallas	500
309.	Combustion Eng.	Stamford, Conn.	498
310.	Detroit Edison	Detroit	494
311.	American Red Cross	Washington	493
312.	Minneapolis Emp.	Minneapolis	485
313.	American Baptist	New York	478
314.	Budd Co.	Troy, Mich.	475
315.	Cook County	Chicago	471
316.	City Investing	New York	469
317.	United Ch. of Christ	New York	467
318.	Campbell Soup	Camden, N.J.	467
319.	Kimberly-Clark Corp.	Neenah, Wis.	466
320.	N. Dakota State	Bismarck	465
321.	American Brands	New York	465
322.	Libbey-Owens-Ford	Toledo, Ohio	463
323.	Singer Co.	Stamford, Conn.	460
324.	Cincinnati Retirement	Cincinnati	457
325.	Beatrice Companies	Chicago	457
326.	Savings Banks	New York	450
327.	State Farm Insurance	Bloomington, Ill.	450
328.	Orange County	Santa Ana, Calif.	450
329.	Cooper Industries	Houston	450
330.	NL Industries	New York	450
331.	Armstrong World Ind.	Lancaster, Pa.	449
332.	IC Industries	Chicago	448
333.	Northeast Utilities	Berlin, Conn.	448
334.	PepsiCo Inc.	Purchase, N.Y.	445
335.	Gulf & Western	New York	440
336.	Kellogg Co.	Battle Creek, Mich.	440
337.	Farmland Industries	Kansas City, Mo.	438
338.	Ethyl Corp.	Richmond, Va.	438
339.	Lutheran Church, Mo.	St. Louis, Mo.	434
340.	Alameda County	Oakland, Calif.	431
341.	Nabisco Brands	Parsippany, N.J.	431
342.	Denver Public School	Denver	431
343.	Northern States Power	Minneapolis	430
344.	Cummins Engine Co.	Columbus, Ind.	429
345.	Blue Cross	Chicago	425
346.	Avco Corp.	Greenwich, Conn.	425
347.	Emhart Corp.	Hartford, Conn.	423
348.	Sherwin-Williams Co.	Cleveland	423
349.	CBS Inc.	New York	420
350.	Mass. Bay Trans.	Boston	420
351.	Schlumberger Ltd.	New York	417
352.	Contra Costa County	Martinez, Calif.	416
353.	E-Systems Inc.	Dallas	415
354.	Winn-Dixie Stores	Jacksonville, Fla.	415
355.	Owens Corning	Toledo, Ohio	415
356.	Laborers, Texas	Dallas	412
357.	St. Regis Paper	New York	410
358.	J.P. Stevens & Co.	New York	410
359.	Clothing & Textile	New York	410
360.	White Consolidated	Cleveland	409
361.	General Mills	Minneapolis	404
362.	Milwaukee County	Milwaukee	403
363.	San Diego City	San Diego	403
364.	Baltimore Gas & Elec.	Baltimore	403
365.	Stauffer Chemical	Westport, Conn.	400
366.	Motion Picture Ind.	Studio City, Calif.	400
367.	Occidental Petroleum	Los Angeles	400
368.	U.S. Air	Washington	399
369.	Norfolk Southern Corp.	Roanoke, Va.	399
370.	Fluor Corp.	Irvine, Calif.	398
371.	Time Inc.	New York	396
372.	San Bernardino City	California	395
373.	Great A&P Tea	Montvale, N.J.	395
374.	El Paso Nat. Gas	El Paso, Texas	394
375.	Teamsters, N. England	Boston	393
376.	Fruehauf Corp.	Detroit	391
377.	Ralston Purina	St. Louis	390
378.	Continental Telecom	Atlanta	387
379.	Pillsbury Co.	Minneapolis	387
380.	Dayton Hudson Corp.	Minneapolis	387
381.	Nebraska State	Lincoln	384
382.	Dallas Retirement	Dallas	384
383.	IBEW	Washington	380
384.	General Signal Corp.	Stamford, Conn.	380
385.	Republic Airlines	Minneapolis	380
386.	Southland Corp.	Dallas	379
387.	Deseret Mutual	Salt Lake City	378
388.	Vermont Retirement	Montpelier	377
389.	Champion Int'l.	Stamford, Conn.	376
390.	Reynolds Metals	Richmond, Va.	375
391.	Air Products	Allentown, Pa.	375
392.	San Jose Retirement	San Jose, Calif.	373
393.	Sacramento County	Sacramento, Calif.	372
394.	U.S. Gypsum Co.	Chicago	365
395.	Coca-Cola Co.	Atlanta	363
396.	Panhandle Eastern	Kansas City, Mo.	358
397.	Cincinnati Bell	Cincinnati	357
398.	Intl. Teamsters	Washington	356
399.	Allis-Chalmers Corp.	Milwaukee	355
400.	Southern Pacific Co.	San Francisco	354
401.	Harris Corp.	Melbourne, Fla.	353
402.	Borden	New York	351
403.	Digital Equipment	Maynard, Mass.	350
404.	Mead Corp.	Dayton	350
405.	CSX Corp.	Richmond,Va.	350
406.	Rhode Island	Providence	350
407.	Quaker Oats Co.	Chicago	349
408.	Cincinnati Milacron	Cincinnati	348
409.	Morton Thiokol	Chicago	348
410.	Teamsters #710	Chicago	344
411.	Allied Stores	New York	343
412.	Marsh & McLennan	New York	342
413.	Nat'l. Food Workers	Washington	340
414.	Masters, Mates, Pilots	New York	340
415.	Peoples Energy Corp.	Chicago	340
416.	Levi Strauss	San Francisco	340
417.	Pennsylvania P&L	Allentown, Pa.	339
418.	Crane Co.	New York	339
419.	Ohio Edison	Akron, Ohio	339
420.	Carpenters, N.Y.C.	New York	337
421.	Ralph M. Parsons	Pasadena, Calif.	336
422.	Arthur D. Little	Cambridge, Mass.	335
423.	Teamsters, Central Pa.	Reading, Pa.	335
424.	Pitney Bowes	Stamford, Conn.	334
425.	Emerson Electric	St. Louis	333
426.	American Lutheran	Minneapolis	330
427.	Allegheny Power	New York	330
428.	Montgomery County	Rockville, Md.	330
429.	R.R. Donnelley & Sons	Chicago	329
430.	Navy Resale	Staten Island, N.Y.	327
431.	Graphic Arts Int'l	Washington	327
432.	Memphis City	Memphis, Tenn.	326
433.	May Dept. Stores	St. Louis	325
434.	Norton Co.	Worcester, Mass.	324
435.	Sundstrand Corp.	Rockford, Ill.	324
436.	Anheuser-Busch	St. Louis	324
437.	Painters, Allied Trades	Washington	324
438.	Gillette Co.	Boston	321
439.	Battelle Institute	Columbus, Ohio	321
440.	Louisiana School	Baton Rouge	320
441.	Ex-Cell-O Corp.	Troy, Mich.	319
442.	Cleveland Electric	Cleveland	318
443.	Rexnord Inc.	Milwaukee	317
444.	Roadway	Akron, Ohio	317
445.	Chicago Fire	Chicago	316
446.	ENSERCH Corp.	Dallas	316
447.	Carpenters 971, 1819	Reno, Nev.	315
448.	Consolidated Foods	Chicago	311
449.	Laborers	Chicago	311
450.	Tektronix	Beaverton, Ore.	310
451.	Burlington Northern	Seattle	310
452.	Kroger Co.	Cincinnati	310
453.	Amer. Hosp. Supply	Evanston, Ill.	310
454.	Piedmont Aviation	Winston-Salem, N.C.	310
455.	New England Electric	Westboro, Mass.	309
456.	De Luxe Check	St. Paul, Minn.	308
457.	Penn Central Corp.	Greenwich, Conn.	307
458.	Interlake Inc.	Oak Brook, Ill.	306
459.	Avon Products	New York	306
460.	Phelps Dodge	New York	305
461.	Schering-Plough Corp.	Madison, N.J.	305
462.	Container Corp.	Chicago	304
463.	Oper. Engrs. #150	Countryside, Ill.	302
464.	ICI Americas	Wilmington, Del.	302
465.	Liberty Mutual	Boston	302
466.	Nat. Distillers & Chem.	New York	301
467.	Elec. Workers #11	Los Angeles	300
468.	Mich. Cons. Gas	Detroit	300
469.	Wis. Electric Power	Milwaukee	299
470.	A.O. Smith	Milwaukee	298
471.	Longshoremen	New York	298
472.	AMF Inc	White Plains, N.Y.	297
473.	Uniroyal Inc.	Middlebury, Conn.	297

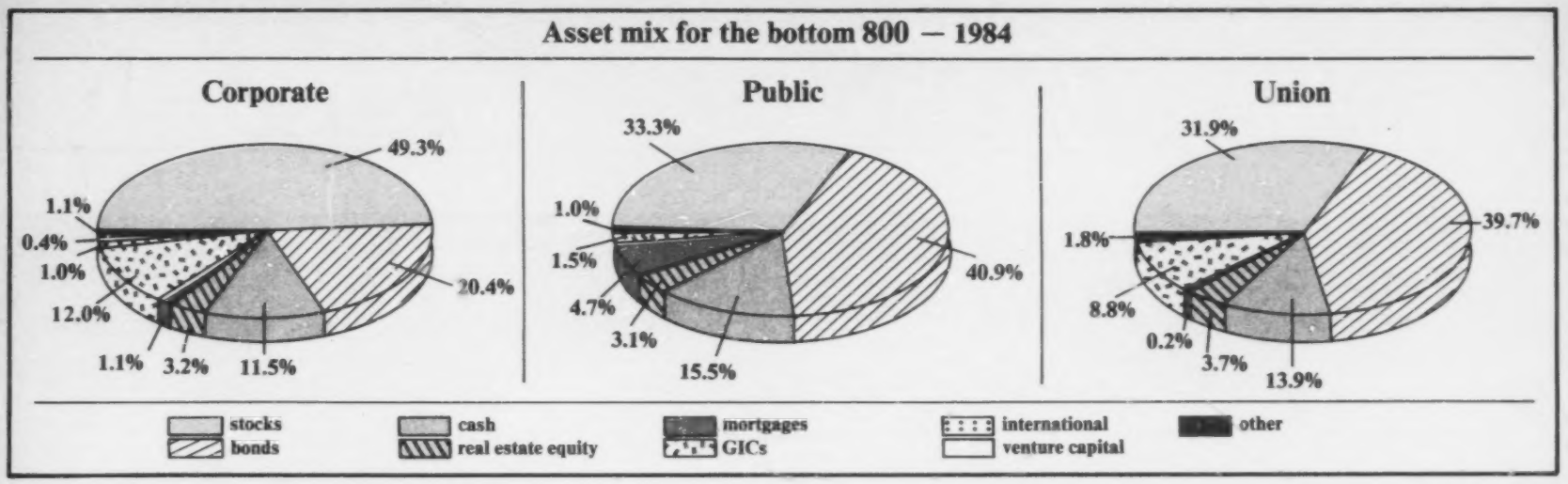
Ranking of funds/sponsors 201-1,000

Rank	Fund/sponsor	Location	Assets
474.	National Maritime	New York	294
475.	Amer. Nat. Resources	Detroit	294
476.	Clark Equipment	Buchanan, Mich.	294
477.	Northwest Indus.	Chicago	294
478.	F.W. Woolworth	New York	293
479.	Teamsters #959	Anchorage, Alaska	292
480.	West. Union	U. Saddle River, N.J.	292
481.	Plumbers #30	Los Angeles	291
482.	Pennwalt Corp.	Philadelphia	291
483.	Teamsters #705	Chicago	291
484.	AMP Inc.	Harrisburg, Pa.	290
485.	Fairchild Indus.	Germantown, Md.	290
486.	Mars Inc.	McLean, Va.	290
487.	Houston Industries	Houston	288
488.	Pennzoil	Houston	287
489.	McGraw-Hill	New York	287
490.	Union Electric	St. Louis	287
491.	Longshoremen	San Francisco	287
492.	CPC International	Englewood Cl., N.J.	286
493.	N.Y. State E&G	Ithaca, N.Y.	285
494.	Musicians' Federation	New York	284
495.	Aerospace Corp.	El Segundo, Calif.	283
496.	S.Calif. Laborers	Los Angeles	281
497.	Squibb Corp.	New York	280
498.	Carnation Co.	Los Angeles	280
499.	Allen-Bradley Co.	Milwaukee	279
500.	Cleveland Carpenters	Cleveland	279
501.	Amsted Industries	Chicago	279
502.	Boston City	Boston	278
503.	Baltimore County	Baltimore	278
504.	Briggs & Stratton	Milwaukee	278
505.	Florida Progress Corp.	St. Petersburg, Fla.	278
506.	Stone & Webster	New York	278
507.	Walgreen Co.	Deerfield, Ill.	277
508.	Transco Energy Co.	Houston	277
509.	Screen Actors Guild	Hollywood, Calif.	277
510.	Graphic Arts	Washington	276
511.	ABC	New York	275
512.	ASARCO Inc.	New York	275
513.	BOC Group	Montvale, N.J.	274
514.	H.J. Heinz	Pittsburgh	271
515.	Missouri Employees	Jefferson City	270
516.	Teamsters, W. Pa.	Pittsburgh	270
517.	Texas Eastern	Houston	269
518.	Union Camp	Wayne, N.J.	269
519.	Typographical Union	Colorado Springs	268
520.	Miami City	Miami	268
521.	Amstar Corp.	New York	267
522.	Service Emp., #328	New York	266
523.	ICMA Retirement	Washington	265
524.	Great North. Nekoosa	Stamford, Conn.	265
525.	Inco United States	New York	264
526.	Laborers	Forest Park, Ill.	264
527.	Marriott Corp.	Washington	262
528.	Paper Industry	Nashville, Tenn.	261
529.	American Motors	Southfield, Mich.	260
530.	N.J. Hospital Assoc.	Princeton, N.J.	260
531.	United Cement Workers	Elk Grove Village, Ill.	260
532.	Hormel	Austin, Minn.	258
533.	Jacksonville Employees	Jacksonville, Fla.	258
534.	Seattle Employees	Seattle	257
535.	Continental Air Lines	Houston	256
536.	Sonat	Birmingham, Ala.	254
537.	Northern Illinois Gas	Aurora, Ill.	252
538.	Am. Home Products	New York	252
539.	Belk/Leggett Stores	Charlotte, N.C.	251
540.	Celanese Corp.	New York	250
541.	Western Air Lines	Los Angeles	250
542.	Lever Brothers	New York	250
543.	Cincinnati G&E	Cincinnati	250
544.	Carpenters	Chicago	248
545.	Lumber, Western	Portland, Ore.	248
546.	Savings Bank Emp.	Boston	248
547.	Mercantile Stores	New York	248
548.	Ventura County	Ventura, Calif.	246
549.	Operating Eng., #18	Columbus, Ohio	246
550.	S.Calif. Rapid Transit	Los Angeles	244
551.	Building Trades	Milwaukee	242
552.	Allegheny International	Pittsburgh	242
553.	Hughes Tool Co.	Houston	240
554.	Tribune Co.	Chicago	240
555.	Wheeling-Pittsburgh	Pittsburgh	239
556.	Iron Workers, California	Oakland	239
557.	Kern County	Bakersfield, Calif.	238
558.	Va. Electric & Power	Richmond, Va.	238
559.	N.Y. State Teamsters	Utica, N.Y.	238
560.	Seafarers, Great Lakes	Camp Springs, Md.	237
561.	Baker International	Orange, Calif.	235
562.	Esmark	Chicago	235
563.	San Diego G&E	San Diego	234
564.	McKesson Corp.	San Francisco	234
565.	Laborers, National	Washington	233
566.	AFTRA	New York	232
567.	Carpenters, C.&W. Ind.	Indianapolis	232
568.	Rapid-American Corp.	New York	232
569.	Kerr-McGee	Oklahoma City	230
570.	California Butchers	Oakland, Calif.	230
571.	Gannett Co.	Rochester, N.Y.	230
572.	Arthur Andersen & Co.	Chicago	229
573.	Perkin-Elmer	Norwalk, Conn.	229
574.	Chicago Bridge & Iron	Oak Brook, Ill.	229
575.	MidCon Corp.	Lombard, Ill.	228
576.	Steelcase	Grand Rapids, Mich.	227
577.	Fire and Police	Denver	227
578.	Fort Worth Employees	Fort Worth, Texas	227
579.	GrandMet USA	Montvale, N.J.	226
580.	Blue Bell	Greensboro, N.C.	226
581.	Norton Simon	New York	226
582.	UAW, Dist. 65	New York	225
583.	Akzona Inc.	Asheville, N.C.	225
584.	Carpenter Technology	Reading, Pa.	225
585.	Brunswick Corp.	Skokie, Ill.	225
586.	Maytag Co.	Newton, Iowa	225
587.	Reader's Digest	Pleasantville, N.Y.	225
588.	Inter-Am. Dev. Bank	Washington	224
589.	Anchor Hocking Corp.	Lancaster, Ohio	224
590.	Milliken & Co.	Spartanburg, S.C.	223
591.	Joseph E. Seagram	New York	223
592.	Operating Engrs., #324	Birmingham, Mich.	222
593.	Champion Spark Plug	Toledo, Ohio	222
594.	Colo. Public Service	Denver	222
595.	Fresno County	Fresno, Calif.	221
596.	Carolina Power & Light	Raleigh, N.C.	220
597.	Boston Edison	Boston	220
598.	Minneapolis Teachers	Minneapolis	220
599.	Fairfax County	Fairfax, Va.	220
600.	Miles Laboratories	Elkhart, Ind.	219
601.	Nalco Chemical	Oak Brook, Ill.	219
602.	AMA	Chicago	219
603.	Typographical Union	Chicago	218
604.	Dallas Police and Fire	Dallas	217
605.	Becton Dickinson	Paramus, N.J.	216
606.	Boy Scouts of America	Irving, Texas	215
607.	American Stores Co.	Salt Lake City	215
608.	Graybar Electric Co.	St. Louis	214
609.	GAF Corp.	Wayne, N.J.	214
610.	Flint Employees	Flint, Mich.	213
611.	Centel Corp.	Chicago	213
612.	Rohr Industries	Chula Vista, Calif.	212
613.	Teamsters	Philadelphia	212
614.	R.H. Macy & Co.	New York	211
615.	S.C.Johnson & Son	Racine, Wis.	211
616.	Food Workers, #455	Atlanta	211
617.	Diamond International	New York	210
618.	Cleveland-Cliffs Iron	Cleveland	210
619.	Int'l Minerals & Chem.	Mundelein, Ill.	210
620.	Ogden Corp.	New York	210
621.	Johnson & Higgins	New York	210
622.	Nat'l Auto Sprinkler	Silver Spring, Md.	208
623.	Sandoz	East Hanover, N.J.	208
624.	Gates Corp.	Denver	207
625.	STA-ILA	Baltimore, Md.	205
626.	Sterling Drug	New York	205
627.	Memphis Light	Memphis, Tenn.	203
628.	Lear Siegler	Santa Monica, Calif.	201
629.	Northwest Pipeline	Salt Lake City	201
630.	Outboard Marine Corp.	Waukegan, Ill.	201
631.	National Fuel & Gas	Buffalo, N.Y.	200
632.	Johnson Controls	Milwaukee	200
633.	Longshoremen	Houston	200
634.	Alexander & Alexander	Baltimore	200
635.	Joy Manufacturing	Pittsburgh	200
636.	Mellon Bank	Pittsburgh	200
637.	Jim Walter Corp.	Tampa, Fla.	200
638.	United Food Workers	Chicago	199
639.	St. Louis Schools	St. Louis	199
640.	AMFAC Inc.	San Francisco	198
641.	Denver Employees	Denver	198
642.	Printing Pressmen	Los Angeles	197
643.	Gould	Rolling Meadows, Ill.	197
644.	Hartford Employees	Hartford, Conn.	197
645.	Pickands Mather	Cleveland	193
646.	Brooklyn Union Gas	Brooklyn, N.Y.	193
647.	ONEOK Inc.	Tulsa, Okla.	192
648.	Tecumseh Products	Tecumseh, Mich.	191
649.	Washington Gas Light	Washington	190
650.	Food Workers	Los Angeles	189
651.	Phoenix Employees	Phoenix	188
652.	Gerber Products Co.	Fremont, Mich.	188
653.	AMCA International	Hanover, N.H.	187
654.	National Steelworkers	Pittsburgh	187
655.	Mitre Corp.	Bedford, Mass.	187
656.	Detroit Carpenters	Southfield, Mich.	186
657.	United Energy Res.	Houston	185
658.	Diamond Shamrock	Dallas	185
659.	Federal Mogul Corp.	Detroit	185
660.	Nestle	White Plains, N.Y.	185
661.	Coastal Corp.	Houston	184
662.	Zenith	Glenview, Ill.	184
663.	Plumbers, #597	Chicago	184
664.	San Mateo County	Redwood City, Calif.	184
665.	Freeport-McMoran	New York	184
666.	Textile Workers	New York	184
667.	Baton Rouge Emp.	Baton Rouge, La.	184
668.	Agway Inc.	Syracuse, N.Y.	184
669.	N. Ind. Pub. Service	Hammond, Ind.	184
670.	SCM Corp.	New York	183
671.	Rochester G&E	Rochester, N.Y.	183
672.	Arizona Public Service	Phoenix	182
673.	Oakland Munic. Emp.	Oakland, Calif.	182
674.	Humana	Louisville, Ky.	181
675.	Auto Workers, #65	New York	181
676.	Texas Gas Trans.	Owensboro, Ky.	181
677.	Flying Tiger Line	Los Angeles	180
678.	Western Metal Industry	Seattle	180
679.	National Can	Chicago	180
680.	Hershey	Hershey, Pa.	180
681.	Sheet Metal, #108	Los Angeles	180
682.	Int'l Operating Eng.	Washington	178
683.	Publix Super Markets	Lakeland, Fla.	177
684.	Gleason Works	Rochester, N.Y.	176
685.	Sanitary Employees	Chicago	176
686.	National Geographic	Washington	176
687.	Upholsterers Int'l.	Philadelphia	176
688.	Ohio Laborers	Columbus	176
689.	Vulcan Materials Co.	Birmingham, Ala.	176
690.	Sacramento Emp.	Sacramento, Calif.	175
691.	Lone Star Industries	Greenwich, Conn.	175
692.	Food Workers	Madis. Hts., Mich.	175
693.	Lukens	Coatesville, Pa.	174
694.	Mass. Carpenters	Burlington, Mass.	173
695.	EG&G Inc.	Wellesley, Mass.	172
696.	Arkla	Shreveport, La.	171
697.	Nat'l. Telephone Co-op	Washington	170
698.	Hospital Corp. of Amer.	Nashville, Tenn.	170
699.	Potlatch Corp.	San Francisco	170
700.	Springs Industries	Fort Mill, S.C.	170
701.	Caltex Petroleum	Dallas	170
702.	Arlington County	Arlington, Va.	170
703.	Acco Babcock	Fairfield, Conn.	169
704.	Moorman Mfg.	Quincy, Ill.	169
705.	Cessna Aircraft	Wichita, Kan.	169
706.	McDonald's Corp.	Oak Brook, Ill.	168
707.	Commerce Clearing	Chicago	168
708.	First Boston	New York	168
709.	Mo. Highway Emp.	Jefferson City, Mo.	168
710.	Sanders Assoc.	Nashua, N.H.	168
711.	Equifax Inc.	Atlanta	168
712.	Wickes Companies	Santa Monica, Calif.	167
713.	Potomac Electric	Washington	167
714.	Alumax Inc.	San Mateo, Calif.	167
715.	Knight-Ridder	Miami	167
716.	Illinois Tool Works	Chicago	167
717.	Brockway Inc.	Brockway, Pa.	167
718.	Amerada Hess Corp.	New York	166
719.	Illinois Power	Decatur, Ill.	165
720.	Birmingham Emp.	Birmingham, Ala.	165
721.	Pacific Power & Light	Portland, Ore.	165
722.	Cyclops Corp.	Pittsburgh	165
723.	St. Louis Employees	St. Louis	165
724.	Hearst Corp.	New York	165
725.	Baxter Travenol Labs	Deerfield, Ill.	165
726.	Royal Indemnity Co.	New York	164
727.	Columbus/S. Ohio Elec.	Columbus, Ohio	164
728.	Machinists, #9	Bridgeton, Mo.	164
729.	National Industrial	Florham Park, N.J.	163
730.	Pacific Maritime Assoc.	San Francisco	163
731.	Oklahoma G&E	Oklahoma City	163
732.	Automotive Industries	Oakland, Calif.	162
733.	Santa Fe International	Alhambra, Calif.	162
734.	Cameron Iron Works	Houston	162
735.	Cone Mills Corp.	Greensboro, N.C.	162
736.	Sybron Corp.	Rochester, N.Y.	162
737.	Brown Group	St. Louis	162
738.	Salt River Project	Tempe, Ariz.	162
739.	Mobay Chemical Corp.	Pittsburgh	162
740.	Thyssen-Bornemisza	New York	161
741.	Carpenters, W. Wash.	Seattle	161
742.	Frontier Airlines	Denver	161
743.	Square D	Palatine, Ill.	161
744.	Tyler Corp.	Dallas	161
745.	Voluntary Hospital Lge.	New York	160
746.	Daniel International	Greenville, S.C.	160

Ranking of funds/sponsors 201-1,000

Rank	Fund/sponsor	Location	Assets
747.	Electrical Wrkrs.#134	Chicago	160
748.	Texasgulf	Stamford, Conn.	159
749.	Pechiney Corp.	Greenwich, Conn.	158
750.	Park Employees	Chicago	158
751.	Norfolk Employees	Norfolk, Va.	158
752.	Cargill	Minneapolis	158
753.	Williams Companies	Tulsa, Okla.	157
754.	TPF&C	Philadelphia	157
755.	BASF Wyandotte	Parsippany, N.J.	157
756.	Austin Employees	Austin, Texas	157
757.	McKinsey & Co.	New York	156
758.	Armstrong Rubber	New Haven, Conn.	156
759.	Reliance Electric	Cleveland	156
760.	A.C. Nielsen Co.	Northbrook, Ill.	155
761.	Stanley Works	New Britain, Conn.	155
762.	Cultural Institutions	New York	155
763.	Major League Players	New York	155
764.	Interco Inc.	St. Louis	155
765.	Tandy Corp.	Fort Worth	154
766.	Consolidated Papers	Wis. Rapids, Wis.	153
767.	Morrison-Knudsen	Boise, Idaho	153
768.	National Auto Workers	Detroit	153
769.	NVF Co.	Miami Beach	152
770.	Pittston Co.	Greenwich, Conn.	152
771.	Mass. Laborers	Newton, Mass.	152
772.	Hawaiian Electric	Honolulu	152
773.	Tampa Fire & Police	Tampa, Fla.	152
774.	Acme-Cleveland Corp.	Cleveland	150
775.	Southwestern Public Serv.	Amarillo, Texas	150
776.	Illinois Carpenters	Geneva, Ill.	150
777.	Dravo Corp.	Pittsburgh	150
778.	American Hoechst	Somerville, N.J.	150
779.	Foster Wheeler	Livingston, N.J.	150
780.	American Insurance	New York	149
781.	Graphic Arts	Chicago	149
782.	Capital Holding Corp.	Louisville, Ky.	146
783.	Chubb Corp.	New York	146
784.	Hanna Mining Co.	Cleveland	146
785.	Kansas City P&L	Kansas City, Mo.	145
786.	Alaska Laborers	Seattle	144
787.	Marmon Group	Chicago	144
788.	Ohio Iron Workers	Charleston, W. Va.	143
789.	Greater Cleve. Hospital	Cleveland	143
790.	Thomas J. Lipton	Englewood Cl., N.J.	143
791.	ACF Industries	New York	143
792.	Harsco Corp.	Camp Hill, Pa.	142
793.	Utah Power & Light	Salt Lake City	142
794.	Elec. Workers #1547	Anchorage, Alaska	142
795.	Allegheny Ludlum	Pittsburgh	142
796.	Bricklayers Int'l.	Washington	142
797.	Santa Barbara County	Santa Barbara, Calif.	141
798.	National Gypsum Co.	Dallas	141
799.	Texas Iron Workers	Houston	140
800.	Foxboro Co.	Foxboro, Mass.	140
801.	Castle & Cooke Inc.	Honolulu	140
802.	Mid-Jersey Truck #701	N. Brunswick, N.J.	140
803.	Phil. Carpenters	Philadelphia	140
804.	Fresno Employees	Fresno, Calif.	139
805.	MAPCO inc.	Tulsa, Okla.	138
806.	N. Calif. Sheet Metal	Dublin, Calif.	138
807.	Food Workers, #27	Baltimore	136
808.	Leo Burnett Co.	Chicago	136
809.	Anderson, Clayton	Houston	136
810.	Fort Howard Paper	Green Bay, Wis.	135
811.	Curtiss Wright Corp.	Woodridge, N.J.	135
812.	Burroughs Wellcome	Research Tri., N.C.	135
813.	St. Joe Minerals Corp.	New York	134
814.	Atlanta Employees	Atlanta	134
815.	Dayton Power & Light	Dayton, Ohio	134
816.	Beech Aircraft Corp.	Wichita, Kan.	134
817.	Duquesne Light Co.	Pittsburgh	134
818.	E.W. Scripps Co.	Cincinnati	134
819.	Carter Hawley Hale	Los Angeles	133
820.	James River Corp.	Richmond, Va.	133
821.	Atlantic City Electric	Pleasantville, N.J.	133
822.	Ark. State Highway	Little Rock, Ark.	133
823.	Delmarva P&L	Wilmington, Del.	133
824.	Associated Dry Goods	New York	133
825.	Western Greyhound	Phoenix, Ariz.	133
826.	St. Paul Teachers	St. Paul, Minn.	133
827.	Retail Clerks	Atlanta	133
828.	Commercial Credit	Baltimore	132
829.	Marine Engineers, #2	Brooklyn, N.Y.	132
830.	SKF Industries	King of Prussia, Pa.	132
831.	New York Times Co.	New York	132
832.	Auto Mechanics, #701	Chicago	132
833.	Food Workers, #174	New York	132
834.	Loews Corp.	New York	132
835.	Peabody Holding Co.	St. Louis	131
836.	Clevepak Corp.	Purchase, N.Y.	131
837.	La. Land & Exploration	New Orleans	130
838.	W. Pa. Carpenters	Pittsburgh	130
839.	Alco Standard Corp.	Valley Forge, Pa.	130
840.	Marin County Emp.	San Rafael, Calif.	130
841.	Oakland County Emp.	Pontiac, Mich.	130
842.	Wang Laboratories	Lowell, Mass.	130
843.	A.B. Dick Co.	Chicago	130
844.	Auto Club of S. Calif.	Los Angeles	130
845.	N. Calif. Laborers	San Francisco	128
846.	Wichita Employees	Wichita, Kan.	128
847.	Gulf States Utilities	Beaumont, Texas	127
848.	Hammermill Paper	Erie, Pa.	127
849.	Hiram Walker & Sons	Detroit	127
850.	Blue Cross, Michigan	Detroit	127
851.	No. N.J. Iron Workers	Newark, N.J.	126
852.	Cannon Mills Co.	Kannapolis, N.C.	126
853.	N. Dakota Emp.	Bismarck	126
854.	Peat Marwick Mitchell	New York	126
855.	ARA Services	Philadelphia	125
856.	Weymouth Contrib.	E. Weymouth, Mass.	125
857.	Witco Chemical Corp.	New York	125
858.	Black & Decker	Towson, Md.	125
859.	Laborers, #472, #172	Newark, N.J.	125
860.	El Paso Employees	El Paso, Texas	124
861.	Copperweld Corp.	Pittsburgh	124
862.	Signode Industries	Glenview, Ill.	124
863.	Harnischfeger Corp.	Milwaukee	124
864.	Grand Union Co.	Elmwood Park, N.J.	124
865.	Operating Eng., #825	Newark, N.J.	123
866.	Newmont Mining Corp.	New York	123
867.	W. Pa. Laborers	Pittsburgh	123
868.	W.W. Grainger Inc.	Skokie, Ill.	123
869.	Shelby County	Memphis, Tenn.	123
870.	San Joaquin County	Stockton, Calif.	123
871.	Media General	Richmond, Va.	122
872.	Davy Inc.	Cleveland	122
873.	S. Calif. Plasterers	Los Angeles	122
874.	Reserve Mining Co.	Silver Bay, Minn.	122
875.	Lincoln Electric	Cleveland	122
876.	Adolph Coors Co.	Golden, Colo.	121
877.	Puget Sound P&L	Bellevue, Wash.	121
878.	Arthur Young	New York	121
879.	U.S. Borax	Los Angeles	121
880.	Louisiana-Pacific	Portland, Ore.	120
881.	Longshoremen	New Orleans	120
882.	Molders, Allied Workers	Cincinnati	120
883.	Varian Associates	Palo Alto, Calif.	120
884.	Dennison Mfg.	Waltham, Mass.	120
885.	Wean United	Pittsburgh	119
886.	Wis. Public Service	Green Bay, Wis.	119
887.	Ohio Casualty Group	Hamilton, Ohio	118
888.	St. Louis Police	St. Louis	118
889.	Rochester Telephone	Rochester, N.Y.	118
890.	Richardson-Vicks	Wilton, Conn.	117
891.	Dow Jones	Princeton, N.J.	117
892.	Yellow Freight	Overland Park, Kan.	117
893.	Reliance Group	New York	117
894.	Bell & Howell	Chicago	117
895.	St. Louis Firemen	St. Louis	116
896.	Barnes Group	Bristol, Conn.	116
897.	Indiana Public Service	Plainfield, Ind.	116
898.	Nwestern Steel & Wire	Sterling, Ill.	116
899.	MCA Inc.	Universal City, Calif.	115
900.	American Petrofina	Dallas	115
901.	Copley Press	La Jolla, Calif.	115
902.	IU International	Philadelphia	115
903.	Screen Extras, Equity	New York	114
904.	PACCAR Inc.	Bellevue, Wash.	114
905.	Revere Copper & Brass	New York	114
906.	Iron Workers, #25	Detroit	114
907.	Stanadyne Inc.	Windsor, Conn.	113
908.	S.C. Electric & Gas	Columbia, S.C.	111
909.	United Services Auto	San Antonio, Texas	111
910.	Laborers, #395	Phoenix	111
911.	Gries Dynacast	New Rochelle, N.Y.	111
912.	William Wrigley Jr.	Chicago	111
913.	Pontiac General Emp.	Pontiac, Mich.	111
914.	Wisconsin Gas	Milwaukee	110
915.	San Antonio Fire/Police	San Antonio, Texas	110
916.	Syntex Corp.	Palo Alto, Calif.	110
917.	N.Y. Stock Exchange	New York	109
918.	Minnegasco Inc.	Minneapolis	109
919.	Amer. Water Works	Haden Heights, N.J.	109
920.	Tacoma Employees	Tacoma, Wash.	109
921.	Bucyrus-Erie Co.	Milwaukee	108
922.	Ampco Pittsburgh Corp.	Boston	108
923.	Ideal Basic Industries	Denver	108
924.	Pennsylvania Municipal	Harrisburg, Pa.	108
925.	Kaiser Steel	Fontana, Calif.	108
926.	Alexander & Baldwin	Honolulu	108
927.	Indianapolis P&L	Indianapolis	108
928.	Kansas City Schools	Kansas City, Mo.	107
929.	Ernst & Whinney	Cleveland	107
930.	YWCA Retirement	New York	107
931.	Retail Clerks, 1105	Seattle	107
932.	Machinists, #289	Seattle	107
933.	Figgie International	Richmond, Va.	107
934.	Nat'l. Football League	New York	107
935.	Machinists, #67	Washington	107
936.	Rubbermaid Inc.	Wooster, Ohio	106
937.	Iron Workers	Seattle	106
938.	Stanislaus County	Modesto, Calif.	106
939.	Grain Processing Corp.	Muscatine, Iowa	106
940.	Arvin Industries	Columbus, Ind.	106
941.	Beneficial Corp.	Wilmington, Del.	106
942.	United Brands Co.	New York	106
943.	PSA Inc.	San Diego	105
944.	Teamsters, #83	Richmond, Va.	105
945.	American International	New York	105
946.	IUE AFL-CIO	Bloomfield, N.J.	105
947.	Capital Cities Comm.	New York	104
948.	United Tech. Auto.	Dearborn, Mich.	104
949.	Commonwealth Energy	Cambridge, Mass.	104
950.	Toledo Edison	Toledo, Ohio	103
951.	Bulova Watch Co.	Flushing, N.Y.	103
952.	Carpenters, #1310	St. Louis	102
953.	Dillon Companies	Hutchinson, Kan.	102
954.	Houston Natural Gas	Houston	102
955.	Tampa Employees	Tampa, Fla.	102
956.	S. Calif. Permanente	Los Angeles	102
957.	Eagle-Picher	Cincinnati	101
958.	Operating Engr. #542	Norristown, Pa.	101
959.	Sheller-Globe Corp.	Toledo, Ohio	101
960.	Scovill	Waterbury, Conn.	101
961.	Combined Insurance	Northbrook, Ill.	100
962.	Lowe's Companies	N. Wilkesboro, N.C.	100
963.	Long Island Lighting	Mineola, N.Y.	100
964.	Laclede Gas Co.	St. Louis	100
965.	Houdaille Industries	Fort Lauderdale, Fla.	100
966.	Masco Corp.	Taylor, Mich.	100
967.	Operating Eng., #15	New York	100
968.	Omaha Public Power	Omaha, Neb.	100
969.	Wal-Mart Stores	Bentonville, Ark.	100
970.	Banco Popular	Hato Rey, P. Rico	100
971.	Parker-Hannifin Corp.	Cleveland, Ohio	99
972.	Federal Express Corp.	Memphis, Tenn.	99
973.	Young & Rubicam Inc.	New York	99
974.	S. Calif. Food Workers	Los Angeles	99
975.	Iron Workers	New York	99
976.	Manitowoc Co.	Manitowoc, Wis.	99
977.	Keystone Consol.	Peoria, Ill.	99
978.	Jack Eckerd Corp.	Clearwater, Fla.	99
979.	Amica Mutual Ins.	Providence, R.I.	99
980.	Allegheny County	Pittsburgh	98
981.	Knoxville Employees	Knoxville, Tenn.	98
982.	Laborers, Mason	New York	98
983.	Plumbers, #638	New York	98
984.	Greenwood Mills	Greenwood, S.C.	97
985.	Teamsters, #330	W. Chicago, Ill.	97
986.	Revlon	New York	97
987.	Teamsters, #282	Elmont, N.Y.	97
988.	Longview Fibre Co.	Longview, Wash.	97
989.	Ladish Co.	Cudahy, Wis.	97
990.	Warner Comm.	New York	97
991.	Andersen Corp.	Bayport, Minn.	97
992.	Sonoco Products Co.	Hartsville, S.C.	96
993.	Laborers, #253	Jacksonville, Ill.	96
994.	Tulare County Emp.	Visalia, Calif.	96
995.	Chesebrough-Ponds	Greenwich, Conn.	96
996.	S. Calif.Retail Clerks	Los Angeles	96
997.	WSSC	Hyattsville, Md.	96
998.	Lubrizol Corp.	Wickliffe, Ohio	95
999.	Woodward Governor	Rockford, Ill.	94
1000.	Consol. Freightways	Palo Alto, Calif.	94

On the following pages, *Pensions & Investment Age* presents sketches of the nation's 200 largest pension funds. Included is a listing of their money managers, the allocation of their assets, names of their key investment personnel and highlights of news events at each pension fund during the past year.



TIAA-CREF has nation's largest asset pool

NEW YORK — The Teachers Insurance and Annuity Association-College Retirement Equities Fund, which has assets totaling $34.5 billion, actually is the nation's largest pension fund.

The TIAA-CREF plan earned that distinction when American Telephone & Telegraph Co. formed seven operating companies, each of which received billions of dollars in pension assets.

However, TIAA-CREF's assets have not been included in this year's pension fund statistics because it previously regarded itself as a money management organization, rather than a pension fund, and was profiled in the Investment Adviser Directory issue April 30, 1984.

TIAA-CREF not only provides a nationwide pension system for higher education, but also functions as the investment manager for those funds.

The institution was the focus of several important developments during 1984.

Early in the year, the 2nd U.S. Circuit Court of Appeals ruled benefits must be sex-neutral for TIAA-CREF participants retiring after May 1, 1980. The decision forced the fund to rejuggle retirement benefits, reducing payments for men and increasing payments for women. The fund already had such a policy in place but it was retroactive to Aug. 1, 1983.

In the summer of last year, an ad hoc committee created by the National Association of College and University Business Officers issued a report criticizing the fund for failing to respond to market changes. It faulted the fund for not offering alternative investment vehicles and for prohibiting transfers of assets from TIAA to other funds.

TIAA-CREF officials responded by saying they already were in the process of making some changes and were reviewing others suggested by the committee.

During the year, J. Daniel Lee, who had headed TIAA's security division since 1983, was promoted to head TIAA, the fixed-income portion of the fund, in July. In the first days of 1985, he was promoted to executive vice president. David B. Bullett succeeded him as head of the securities division in July and later was named senior vice president.

The asset mix for the fund was 46% stocks, 26% bonds, 1.8% cash equivalents, 3% real estate and 23.2% mortgages.

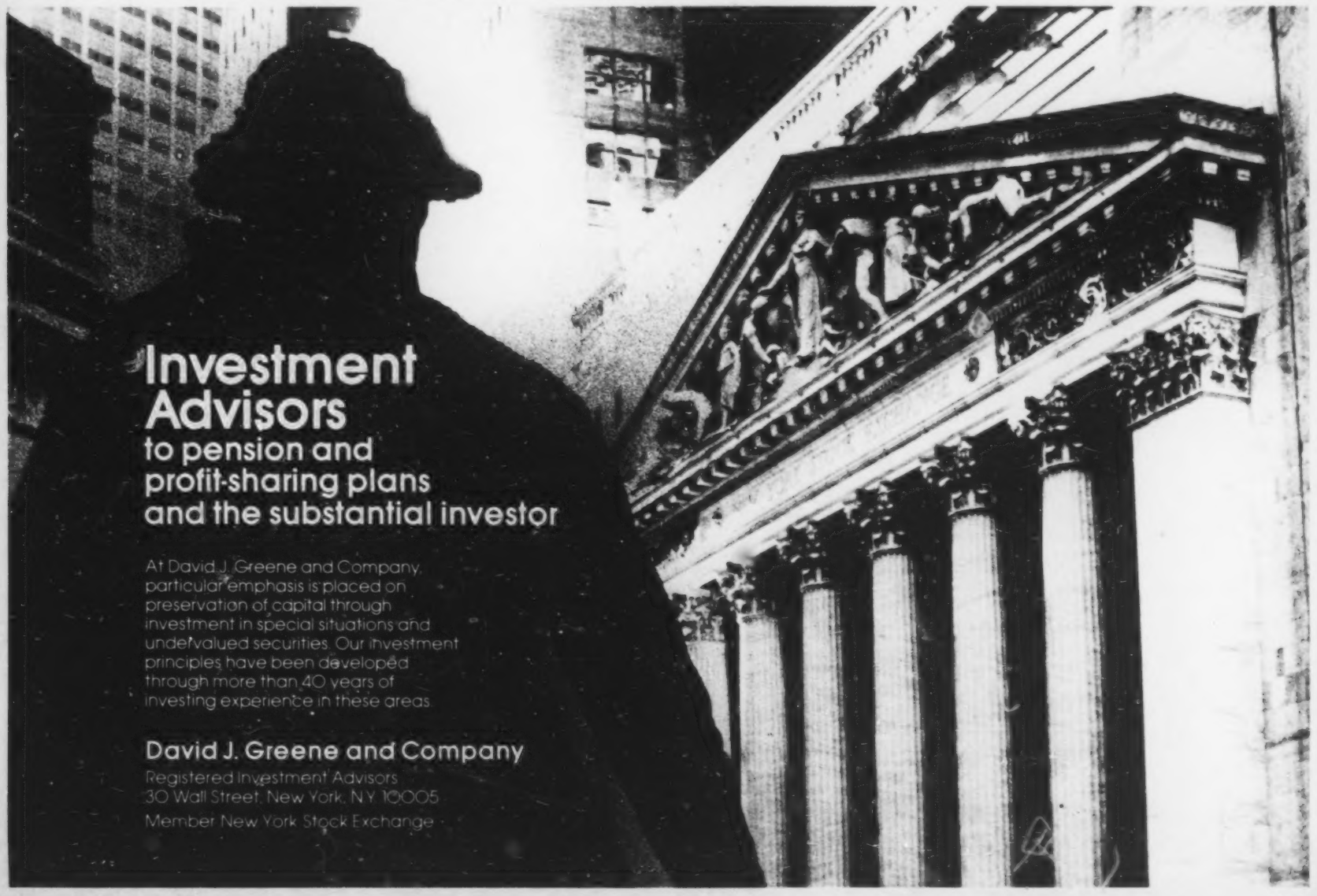
Of the $15.3 billion in the equity fund, $10 billion is in index funds. The fund has invested $1.5 billion overseas in equities and $51 million in fixed income. The fund also has $30 million invested in oil and gas holdings.

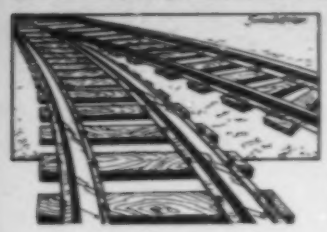
Real estate holdings are $1 billion in real estate equity and $7.7 billion in mortgages.

Bankers Trust and Chase Manhattan are the custodians for the College Retirement Equities Fund; Citibank is the custodian for Teachers Insurance and Annuity Association.

Contributions to TIAA-CREF totaled $2.3 billion in 1984 and benefit payments totaled $550 million.

The key personnel are Mr. Lee; James S. Martin, executive vice president, CREF investments; and Henry A. Frantzen, senior vice president, CREF international investments. ■





a

Aetna Life & Casualty

($ millions)

Total assets	1,356
Pension	988
Profit-sharing	0
Thrift or savings	368
Employer contributions	na
Benefit payments	na

HARTFORD, Conn. — Employee benefit funds were $1.34 billion as of Sept. 30, an increase of 5.7% of the $1,271 billion reported as of Sept. 30, 1983.

All of the funds are managed internally.

The approximate asset mix of the funds is 36% stocks, 5.3% bonds, 28.3% cash equivalents; 4.5% real estate equity, 1.1% mortgages and 24.8% general account assets and other long term holdings.

The fund has $41 million invested in equities overseas. It also has $61 million in real estate and $14.5 million in mortgages.

Connecticut National Bank is the master trustee.

Key personnel at the fund are Donald Conrad, executive vice president; and John Lang, vice president and treasurer.

Retirement Systems of Alabama

($ millions)

Total assets	4,095
Pension	4,095
Profit-sharing	0
Thrift or savings	0
Employer contributions	205
Benefit payments	191

MONTGOMERY, Ala. — The Retirement Systems of Alabama pumped $102 million in privately placed debt financing for a new fleet of Boeing 737 aircraft for Delta Air Lines Inc. in late 1983 and early 1984.

The $4.1 billion fund (book value) also invested more than $600 million in an array of privately placed debt, public bonds, mortgage-backed securities and zero-coupon bonds in late spring, catching yields at peak rates of 14% to 15%.

Alabama also invested $50 million for the debt financing of nearly 1,300 railroad cars built by ACF Industries Inc.

The fund also uses stock options and has $20 million in GICs.

As of Sept. 30, the fund's book value grew 16.8% from the year before, when it had $3.5 billion in pension assets.

The state retirement systems comprise the Teachers Retirement System with $2.79 billion; the Employees Retirement System, $1.27 billion; and the Judicial Retirement Fund, $35 million.

The internally managed fund's asset mix was 4% stocks, 59% bonds, 7.5% cash equivalents, 0.1% real estate equity, 5.9% mortgages, 23% mortgage-backed securities and 0.5% GICs.

Key investment personnel are David G. Bronner, secretary-treasurer; Gary Partridge, chief economist; Cheryl Duke, director of equities; and Hunter Reaves, director of fixed income.

Alaska State Retirement Systems

($ millions)

Total assets	1,663
Pension	1,663
Profit-sharing	0
Thrift or savings	0
Employer contributions	180
Benefit payments	72

JUNEAU, Alaska — The Alaska State Retirement System named six new managers and a master trustee in 1984.

The management of the fund was reviewed because of a 1982 state law requiring a competitive selection process every three years for all contracted professional services.

The master trustee is First Pennsylvania Bank, Philadelphia, which replaced Bank of America, San Francisco.

New equity managers are INVESCO Capital Management, Lehman Management and Fred Alger Management.

Previously, there were two managers overseeing equity investments. Alliance Capital Management, New York, was rehired but is inactive. Morgan Guaranty Trust, New York, was dropped for equities but its London branch was retained for an international account.

Morgan Guaranty also was hired as a real estate manager, along with JMB Institutional Realty and Security Capital (formerly Smith Barney).

The fund's assets stood at $1.66 billion as of Sept. 30, up 21% from $1.37 billion as of Aug. 31, 1983.

About $1.3 billion is managed in-house, with $1.1 billion in fixed-income and $147.8 million in short-term investments.

A total of $28 million is invested in international equities.

The fund uses fixed-income futures and has $134.3 million invested in real estate equity and $443.2 million in mortgages.

Equity managers: Alger, Alliance, Citicorp, INVESCO, Lehman, Morgan Guaranty and Citicorp.

Real estate managers: Aetna, Equitable, Hancock, Prudential, Security, Morgan Guaranty and JMB.

The fund's asset mix is 42.1% bonds, 24.4% mortgages, 14.3% stocks, 8.9% cash equivalents, 8.1% equity real estate and 2.2% mortgage-backed securities.

James R. Wilson, Kenneth L. Shaffer and Martin W. Lentz are state investment officers.

Profile statistics at a glance

	1984 ($ billions)	1983 ($ billions)
Top 1,000 fund assets	860.1	806.1
Top 200 fund asset	636.8	605.6
Top 100 fund assets	181.8	503.5
Top 50 fund assets	399.6	397.5
Top 25 fund assets	286.1	290.7
Top 200 pension fund assets	570.9	544.1

Top 200 fund statistics	1984 ($ billions)	1983 ($ billions)
Assets managed in-house	263.8	265.1
Assets indexed	30.1	24.4
Assets invested in equity real estate	15.7	14.9
Assets invested in GICs	11.7	9.9
Assets invested in mortgages	16.0	NA
Assets invested in mtg.-backed securities	18.8	NA
Assets invested overseas	7.7	6.8
Assets in dedicated bond portfolios	17.2	8.6
Contributions	30.2	NA
Benefits paid	27.7	NA

Top 200 fund alternative investments	1984 No. of sponsors	1983 No. of sponsors
Indexed assets	53	45
Dedicated bond portfolios	39	31
GICs	78	77
Foreign investments	77	76
Real estate	135	113
Mortgage-backed securities	64	NA
Options	59	49
Financial futures	40	26
Venture capital	56	54
Oil and gas	26	29

Allied Corp.

($ millions)

Total assets	3,200
Pension	2,500
Profit-sharing	0
Thrift or savings	700
Employer contributions	200
Benefit payments	196

MORRISTOWN, N.J. — Allied Corp. reported it had embarked on a stock repurchase program to buy back 5 million shares of its stock in 1984.

The shares were reportedly being purchased for use in the employee stock option and other benefit and compensation plans and were part of an "anti-dilution" effort, according to Treasurer William M. Loftus. Mr. Loftus said the plans required about 3 million shares a year.

Allied's savings plan was combined with Bendix Corp.'s stock purchase and savings plan. State Street Bank and Trust was appointed trustee for all three.

MacKay-Shields was dropped as an equity manager, and the fund discontinued an options overwriting program administered by Balch Hardy & Scheinman. A number of equity managers write covered calls for the fund on a limited basis.

The fund also put money in some venture capital funds and a Morgan Guaranty oil and gas fund.

Total assets of the funds showed no change as of Sept. 30, although the pension fund assets declined to $2.5 billion from $2.6 billion.

The thrift and savings plan assets grew by $100 million to $700 million during the 12-month period ended Sept. 30.

Allied Corp. has $425 million under in-house management. It employs a range of investment alternatives, including real estate equity, international investment, venture capital, index funds and stock options.

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Director, Trading

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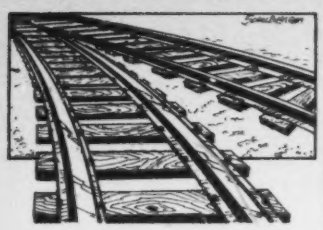


Equity managers: Batterymarch; BMI Capital; Capital Guardian; Chesapeake Capital; Delaware Investment; Lincoln Capital; Lord, Abbett; Lynch & Mayer; NSR Management, Verus Capital; and Weiss, Peck & Greer.

Bond managers: Morgan Guaranty and Solomon Asset Management.

Real estate managers: Equitable; John Hancock; Prudential; Travelers; and RREEF.

International manager: Kleinwort Benson and Morgan Grenfell.

The approximate asset mix was 53% stocks, 32% bonds, 7% cash equivalents and 8% in real estate equity, including mortgages.

Northern Trust is master trustee.

The key investment officer is Edward Tokar, director-investments.

Aluminum Co. of America

($ millions)

Total assets	1,824
Pension	1,605
Profit-sharing	0
Thrift or savings	219
Employer contributions	169
Benefit payments	152

PITTSBURGH — Alcoa hired four new equity managers for its $1.8 billion in employee benefits in 1984.

The four new appointees were Franklin Portfolio Associates; Geewax, Terker & Co.; PRIMECAP Management Co.; and Travelers Investment Management Co.

Fayez Sarofim & Co., an equity manager, was dropped in January 1984.

Total employee benefits assets at Alcoa grew by only $8 million to $1,824 million during the 12 months ended Sept. 30, 1984.

Growth in pension fund assets was a little stronger, however. The fund grew $26 million to $1,605 million.

The fund's managers employ a variety of investment management techniques including indexing, stock options, stock index futures, fixed-income futures and international investment.

Equity managers: Fred Alger; Brundage Story and Rose; Capital Guardian; Crocker; Franklin; Frontier Capital Management; Geewax, Terker; Hathaway & Associates; J.P. Morgan & Co.; Pioneering Management Corp.; PRIMECAP; Stralem & Co.; Travelers; and Wells Fargo.

Bond managers: BEA Associates; Fischer, Francis, Trees & Watts; Massachusetts Financial Services; Mellon Bank; and J.P. Morgan.

Real estate managers: Coldwell Banker; Equitable; John Hancock; and RREEF.

GIC managers: Metropolitan and Travelers.

Venture capital managers: Capital Management Services (Sequoia Funds); Dillon Read (Concord Fund); Kohlberg, Kravis & Roberts; and Ventech Partners.

The approximate asset mix was 43% in stocks, 32% in bonds, 14% in cash equivalents; 6% in real estate equity; 1% in mortgages; 2% in mortgage-backed securities; and 2% in GICs.

Mellon Bank is the master trustee.

Key personnel are Joseph C. Pellegrino, assistant treasurer; Richard J. Forster, manager of investments; and Donna S. Barr, pension fund trust coordinator.

American Airlines

($ millions)

Total assets	1,912
Pension	1,912
Profit-sharing	0
Thrift or savings	0
Employer contributions	100
Benefit payments	100

DALLAS — American Airlines placed added emphasis on its dedicated bond portfolio during 1984, increasing the portfolio's holdings by $100 million to $600 million to cover additional retired lives liabilities.

The restructuring raised the total dedicated portfolio to $600 million. The dedicated bond portfolio is managed internally, along with a $60 million balanced portfolio.

American reshaped its equity management early in 1984 by terminating two equity managers and hiring four. Released were Alliance Capital and Aetna. Hired at American were Atlanta Capital Management; Barrow, Hanley, Mewhinney & Strauss; United Capital Management; and Hotchkis & Wiley. Each received an initial allotment of $40 million.

Also during 1984, American released Oppenheimer Capital as an options manager.

Total assets of the American employee benefit program increased by less than 1% to $1.912 billion between Sept. 30, 1983, and Sept. 30, 1984, while benefit payments climbed 33% and contributions increased 11%.

Equity managers: RepublicBank Dallas; Atlanta Capital; Barrow, Hanley; Bank of Boston; Citicorp; Capital Guardian; Vilas-Fischer; Hotchkis & Wiley; and United Capital.

Balanced managers: Brown Brothers Harriman; Capital Guardian; RepublicBank Dallas; Vilas-Fischer; and Penmark.

International managers: Morgan Grenfell, Rowe Price-Fleming and N.M. Rothschild.

Options manager: Analytic Investments.

Master trustee is RepublicBank Dallas. International custodian is Chase Manhattan.

J.C. Pope is senior vice president and treasurer; William F. Quinn is assistant treasurer.

American Information Technologies Corp.

($ millions)

Total assets	7,000
Pension	6,400
Profit-sharing	0
Thrift or savings	600
Employer contributions	200
Benefit payments	420

CHICAGO — Ameritech placed $2.4 billion in a dedicated bond fund Dec. 3, the first significant change in its portfolio since its divestiture from American Telephone & Telegraph Co.

Goldman, Sachs did the trading; National Investment Services was hired to manage the dedication.

The asset mix for the pension fund as of Sept. 30 was 65% stocks, 30% bonds and 5% real estate equity.

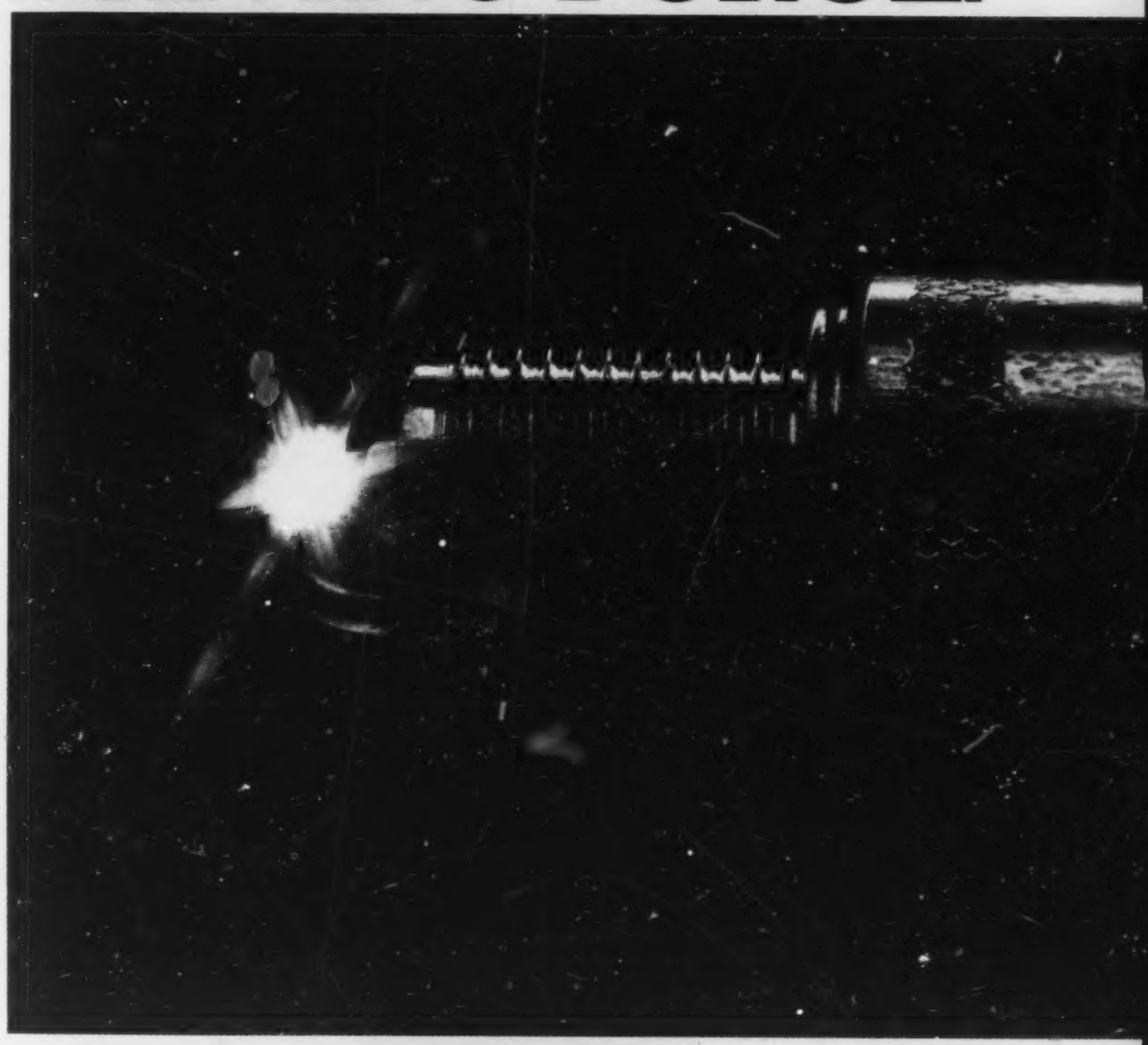
Master trustee for the pension assets is Harris Bank. Master trustee for the savings plan is Bankers Trust.

The fund also has $25 million in venture capital, $600 million in real estate equity, $200 million in an index fund and $100 million in guaranteed investment contracts.

Managers: American Fletcher; Central National Bank; Delaware National Bank; First Wisconsin; Harris; Indiana National Bank; Jennison; Lazard Freres; Lincoln; National Investment Services; Fischer Francis; Scudder; Babson; Bankers Trust; AmeriTrust; Brown; Wells Fargo; Stein Roe; Equitable; First Chicago; Loomis, Sayles; Lord Abbett; Rosenberg Capital; T. Rowe Price; Mathers; National Bank Detroit; and Thorndike.

Key personnel for the fund in-

DRIVING FORCE.



Chessie System Railroads

Seaboard System Railroad

Texas Gas Resources

American Commercial Lines

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The CSX railroads will haul over 380,000 carloads of automobiles, parts and trucks this year. But the real story is how they get the job done—not the big numbers.

Chessie and Seaboard have established specialized teams for specific industries. Certain members of the automotive teams maintain offices in Detroit, where day-to-day contact with manufacturers provides an

clude Donald W. Phillips, director investment management; James A. Kujaca, management investment analysis; and Cheryl A. Becker, manager investment operations.

American Telephone & Telegraph Co.

($ millions)	
Total assets	21,455
Pension	18,000
Profit-sharing	0
Thrift or savings	3,455
Employer contributions	na
Benefit payments	na

NEW YORK — The AT&T pension plan is expected to total $18 billion when the divestiture of the assets of the seven new Bell operating companies spun off from AT&T is complete.

The thrift plan assets are expected to total $3.45 million.

As of Sept. 30, AT&T still managed $41,566 million for the operating companies, representing the amount left after all but Ameritech had received their first cut of the pension assets. The distribution of the assets between AT&T and the seven operating companies will be completed after mid-1985.

AT&T manages $1.6 billion internally, all of it in equities. It had $254 million invested in international markets, $213 million invested in venture capital and $175 million invested in oil and gas programs. Real estate equity investments totaled $1.78 million and mortgage investments totaled $690 million.

Managers: ABD International; Aldrich, Eastman & Waltch; American Fletcher National Bank; American National Bank; Ameri-Trust; Bankers Trust; Bank of New York; Batterymarch; Boston Company Energy Advisers; Boston Company Real Estate; Brown Brothers Harriman; Capital Guardian; Central National Cleveland; Chase Investors Management; Chemical Bank; Citibank; Coldwell Banker; Corporate Property Investors; Crocker National Bank; David Babson; Delaware Investment Advisors; Eastdil; Eberstadt; Equitable; Favia Hill; Fayez Sarofim; Fidelity International; Fidelity Union Bank; Fischer, Francis, Trees & Watts; FNB Atlanta; FNB Chicago; First Wisconsin; G.T. Capital; Goldman, Sachs; Harris Trust; Heitman; IDS; Indiana National Bank; Investment Counselors of Maryland; Intrawest; InterFirst Investment Management; Jennison Associates; John Hancock; Lazard Freres; Lincoln Capital; Loomis, Sayles; Lord Abbett; Manufacturers Hanover Investment; Marine Midland Bank; Mathers; Mellon Bank; Mercantile Trust; Midlantic Bank; Morgan Grenfell; Morgan Guaranty; National Bank of Detroit; National City Bank, Cleveland; National Investment Service of America; North Carolina National Bank; Northern Trust; Pacific Investment Management; Provident Capital; Prudential Insurance; Rosenberg Capital Management; RREEF; Scudder Stevens & Clark; Seattle First National Bank; Standish Ayer & Wood; State Street Bank; State Street Research & Management; Stein Roe & Farnham; T. Rowe Price; Thorndike, Doran, Paine & Lewis; U.S. Trust; Wachovia Bank; Wellington Management; Wells Fargo Investment Advisors.

David Feldman, corporate vice president, and Robert Angelica, director, investment planning and operations, oversee the fund.

Arizona State Retirement System

($ millions)	
Total assets	3,063*
Pension	3,063
Profit-sharing	0
Thrift or savings	0
Employer contributions	127
Benefit payments	165

*as of June 30, 1984

PHOENIX, Ariz. — The Arizona State Retirement System had employee benefit assets of $3.063 billion on June 30, 1984. That is down about 3% from the $3.157 billion reported on June 30, 1983.

The Arizona system dropped Alliance Capital Management in March and hired three balanced managers in April. The new managers are Gardner & Preston Moss, Criterion Capital Management and Wells Fargo Investment Advisors.

The system has $281 million invested in index funds, down from the $340 million reported in 1983. Approximately $300 million is managed internally, all of it in short-term investments. The fund had $219 million in mortgages.

The asset mix as of June 30 was 33% stocks, 46% bonds, 14% cash and 7% mortgages.

Balanced managers: Criterion; Fiduciary Trust; INVESCO Capital; Kemper Financial Services; Wells Fargo; Gardner & Preston Moss.

Equity manager: Bernstein-Macaulay.

Mortgages: Valley National Bank.

Mellon Bank is master custodian.

Max Sullivan is director of the system; Doug Lemon is investment manager.

Arkansas Teacher Retirement System

($ millions)	
Total assets	924
Pension	924
Profit-sharing	0
Thrift or savings	0
Employer contributions	66
Benefit payments	45

LITTLE ROCK, Ark. — The Arkansas Teacher Retirement System pulled back from stocks, dropping its equity component to 30% of assets as of Sept. 30 from 40% the year before. During the same time period, cash equivalents shot up to 20.6% of assets from 12% the year before.

Pension assets rose 11.9% to $924 million as of Sept. 30, from $826 million the year before. Contributions by the state totaled $66 million, while benefit payments were $45 million.

Oppenheimer Capital advises the fund on all investments. Trades are executed internally, as required by state law.

The asset mix was 29.7% stocks; 42% bonds; 20.6% cash equivalents; 4.1% mortgages; and 3.6% mortgage-backed securities.

Hubert Blanchard, director, oversees the fund's investments. Kavolene C. Booth is the assistant director.

Armco Inc.

($ millions)	
Total assets	1,436
Pension	1,249
Profit-sharing	6
Thrift or savings	181
Employer contributions	124
Benefit payments	152

MIDDLETOWN, Ohio — Wallace B. Askins joined the Armco Inc. pension fund in June as chief financial officer and vice president-corporate finance. He left as chairman and chief executive officer of White Motor Corp.

Total employee assets increased 17.4% to $1,436 million as of Sept. 30, 1984. The asset mix of the pension assets was 46.3% stocks, 31.1% bonds, 5.3% cash equivalents, 15% real estate equity and 2.3% GICs. Armco included 1.8% venture capital and 4.3% in company stock in its

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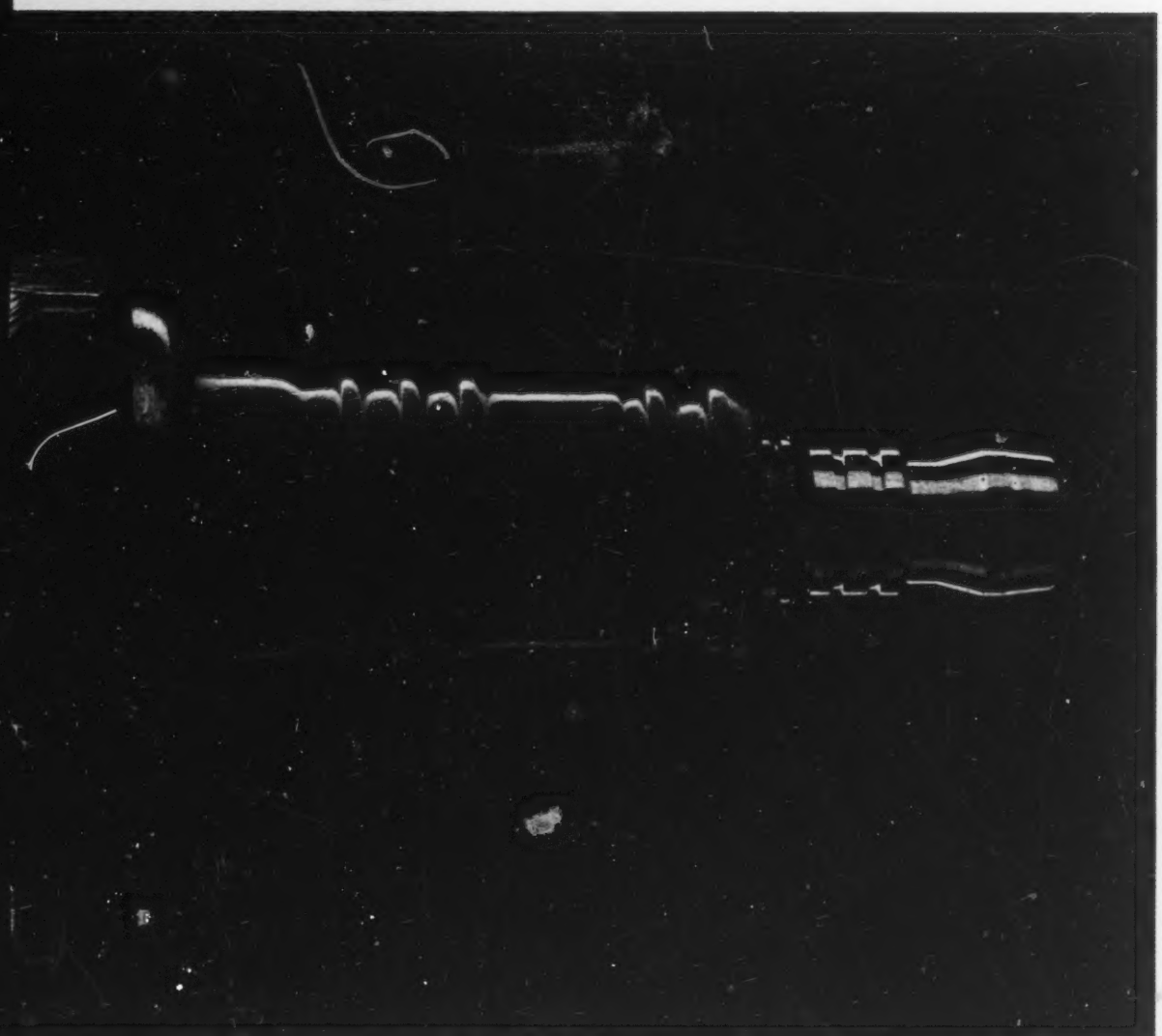

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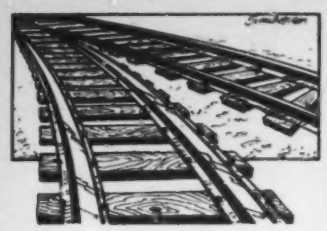


stock allocation.

Master trustee is Chase Manhattan.

Equity managers: Alliance Capital; Capital Guardian; Chase Investors; Miller Anderson & Sherrerd; and Thorndike Doran.

Bond managers: Equitable.

Real estate managers: RREEF.

Key investment personnel are W.B. Askins and D.F. Furey Jr., general manager.

Army and Air Force Exchange Service

($ millions)

Total assets	765
Pension	751
Profit-sharing	0
Thrift or savings	14
Employer contributions	72
Benefit payments	43

DALLAS — The Army and Air Force Exchange Service's tax-exempt assets increased almost 9% to $765.3 million on Sept. 30, 1984, from $703 million the previous year.

The fund's manager lineup has not changed through the year.

Equity managers: Aetna, Citicorp, Manufacturers Hanover, Dimensional Fund Advisors and John Hancock.

Bond managers: Robert C. Brown, Citicorp, Hibernia National Bank and Dimensional.

Real estate managers: Aetna and Hancock.

International managers: Morgan Grenfell and Citicorp.

AAFES has GICs invested with Aetna and Hancock.

The fund's asset mix as of Sept. 30 was 58% stocks, 5% bonds, 1% cash, 7% real estate equity, 2% mortgages, 2% GICs and 25% in insurance general accounts.

The fund has $10.5 million in venture capital, $54.1 million in real estate equity and $14.1 million in mortgages. It uses stock options.

Martin Rodman is assistant comptroller-insurance; F.J. Cedeno is assistant chief-insurance; and Louis Bornmann II is systems accountant-insurance.

Ashland Oil Inc.

($ millions)

Total assets	795
Pension	551
Profit-sharing	7
Thrift or savings	237
Employer contributions	12
Benefit payments	15

RUSSELL, Ky. — Alfred Green, assistant treasurer, was named manager of employee benefit investments for the oil concern last summer.

Total assets of the funds grew by $52 million in the 15-month period ending Sept. 30 a 7.2% growth for the period. Last year, the fund's holdings were estimated as of June 30, 1983.

About $35 million is run in-house, all of it in fixed income; $16 million is invested internationally by an outside manager.

Management techniques include stock options and fixed-income futures.

The company contributed $12 million and paid $15 million in benefits in 1984.

Equity managers: BMI Capital; Bankers Trust; Sanford C. Bernstein; Equitable; Forstmann-Leff; Loomis, Sayles; and Morgan Guaranty.

Bond managers: Lazard International and Pacific Investment Management.

Real estate managers: Aetna; Equitable; and Prudential.

GICs: Aetna; Equitable; Metropolitan Life; New England Life; New York Life; and Prudential.

The asset mix as of Sept. 30 was 39% stocks, 14% bonds, 19% cash equivalents, 4% real estate equity, 3% mortgages, 1% mortgage-backed securities and 20% in GICs.

Key investment personnel are Alfred Green, assistant treasurer; Charles Russell Jr., administrative vice president-finance; and Kim Turkington, investment funds analyst.

Atlantic Richfield Co.

($ millions)

Total assets	2,840
Pension	2,050
Profit-sharing	0
Thrift or savings	790
Employer contributions	na
Benefit payments	na

LOS ANGELES — Employee benefit assets for Atlantic Richfield increased 14% to $2.84 billion from $2.5 billion for the 12 months ended Sept. 30.

ARCO's $790 million in thrift or savings plan assets includes $220 million in an employee stock ownership plan.

Equity managers: Jennison Associates; G.T. Capital; Fidelity International; Warburg Investment International; Rowe Price-Fleming; and Capital Guardian Trust.

Bond managers: Trust Company of the West; Fiduciary Trust; J.P. Morgan; Salomon Asset Management; Security Pacific Investment; and MacKay-Shields.

Real estate managers: Aldrich Eastman & Waltch; Merrill Lynch Hubbard; Crocker National Bank; and Lehndorff Associates.

Stock-index and fixed-income futures are used, as are stock options. The company did not provide an asset mix.

Key personnel in charge of employee benefit assets are Howard Ockelmann, investment officer; Dan W. Woolley, manager-equity investments; and Paul Martin, bond portfolio manager.

The directory of microcomputer products and services available for treasury management will run March 4.

b

Bakery and Confectionary Union & Industry

($ millions)

Total assets	1,010*
Pension	1,010
Profit-sharing	0
Thrift or savings	0
Employer contributions	142
Benefit payments	116

*as of May 31, 1984

KENSINGTON, Md. — The Bakery and Confectionary Union & Industry fund hired two balanced managers and dismantled an immunized bond portfolio in 1984. The new balanced managers are Trust Company of the West and Loomis, Sayles. Manufacturers Hanover, which had managed the immunized bond portfolio, was dropped.

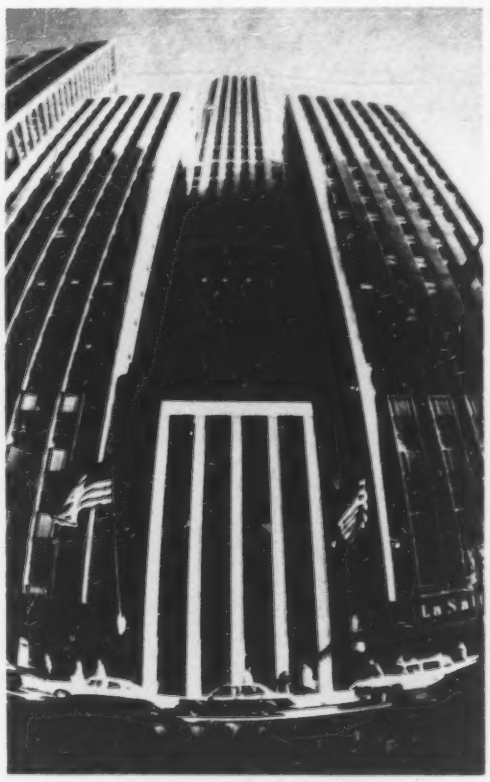
Asset mix of the fund as of Sept. 30 was 31% stocks, 41% bonds, 15% cash equivalents, 3% mortgages and 10% GICs.

Equity managers: Wertheim; Lazard Freres; TCW; Loomis; and Stein, Roe.

Bond managers: TCW; National Savings & Trust; and National Bank of Washington.

Real estate managers: National Bank of Washington.

National Bank of Washington is



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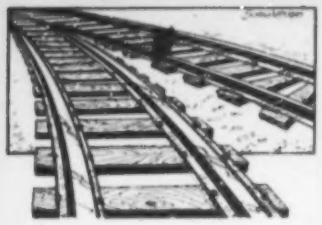

master trustee. John J. Fleming is administrative director.

Bechtel Power Corp.

($ millions)	
Total assets	985
Pension	0
Profit-sharing	985
Thrift or savings	0
Employer contributions	na
Benefit payments	na

SAN FRANCISCO — Bechtel Power Corp.'s combined profit-sharing and thrift plans totaled $985 million as of Sept. 30, which is a roughly 10% increase from $898 million the previous year.

About 15%, or $150 million, of the assets are managed in-house, split evenly between fixed income and cash equivalents.

The company has about $100 million managed internationally. One of its three international managers, Morgan Grenfell Investment Services, is a new hire.

Midyear, Bechtel committed $10 million to a real estate investment trust with Corporate Property Investors.

Officials declined to provide an asset mix.

Equity managers: Batterymarch; Columbia Management; Glickenhaus & Co.; Lynch & Mayer; Sit Investment; and Wells Fargo Investment Advisors.

Bond managers: Pacific Investment Management; T. Rowe Price.

Real estate managers: Aetna; Prudential; First National Bank of Boston; and Equitable.

International managers: G.T. Capital Management, Morgan Guaranty Trust and Morgan Grenfell.

Wells Fargo Bank is master trustee for the plans.

Vincent P. Kuhn Jr., assistant treasurer, oversees the fund.

Bell Atlantic Corp.

($ millions)	
Total assets	6,300
Pension	5,000
Profit-sharing	0
Thrift or savings	1,300
Employer contributions	na
Benefit payments	na

PHILADELPHIA — Bell Atlantic Corp. had $6.3 billion in employee benefits assets as of Sept. 30 — $5 billion in its pension plan and $800 million in a savings plan. The remaining $500 million represents other proprietary funds, which Bell Atlantic declined to comment on.

Only $3 billion in pension assets were directed to the new Bell regional company in 1984 as a result of the divestiture of American Telephone & Telegraph Co. The remaining assets were inherited Jan. 1, 1985.

Bell Atlantic hired Mellon Bank as master trustee during the year. It also conducted an asset allocation study and began evaluating the managers it inherited from AT&T. In line with that review, the new operating company had dropped an unknown number of inherited managers and reportedly hired five new fixed-income managers at the end of 1984.

Reportedly, the new managers are Wentworth, Hauser and Violich; Sovran Bank; Pacific Investment Management; Miller, Anderson & Sherrerd; and Mercantile Trust Co.

The company reported it had $800 million of its assets indexed, $50 million committed to venture capital and $400 million in equity real estate.

The pension plan'sasset mix as of Sept. 30 was 58% stocks, 35% bonds and 7% equity real estate.

Officials would not provide more information on the fund.

Equity managers: Batterymarch; Eberstadt Asset Management (now folded into Alliance Capital Management); Lord, Abbett; Mercantile Safe Deposit; Pioneering Management; Prudential; Thorndike, Doran, Paine & Lewis; and Wellington Management.

Bond managers: Brown Brothers Harriman; Harris Trust; and Putnam Advisory.

Balanced managers: AmeriTrust; Bankers Trust; Equitable; IDS Advisory and State Street Research.

Key Bell Atlantic personnel include J.A. Mountain, vice president and treasurer; E.P. Rennie, director-investments, and J.A. Bobrowski, director-administration, share the responsibility for investments.

BellSouth Corp.

($ millions)	
Total assets	5,500
Pension	5,000
Profit-sharing	0
Thrift or savings	500
Employer contributions	na
Benefit payments	na

ATLANTA — BellSouth is in no hurry to make changes after the divestiture of American Telephone & Telegraph Co., except perhaps in the international area.

At the time of *Pensions & Investment Age's* survey, the asset mix was up in the air because of the divestiture, according to Kincaid Patterson, director-trust assets. BellSouth's pension fund was one of the four new telephone companies that took more than half of its assets Jan. 1, 1984, and will receive the rest in 1985.

BellSouth inherited managers from AT&T.

Managers: AmSouth Bank; Bankers Trust; Batterymarch; Citizens & Southern National Bank of Georgia; First Tennessee Investment Management; NCNB National Bank; and Pacific Investment Management Co.

BellSouth's real estate investments now are composed of the company's share in AT&T's Telephone Real Estate Equity Trust.

Master trustee for the fund is Wachovia Bank & Trust.

Mr. Patterson is the key person overseeing investments.

Bethlehem Steel Corp.

($ millions)	
Total assets	2,337
Pension	2,337
Profit-sharing	0
Thrift or savings	0
Employer contributions	300
Benefit payments	425

BETHLEHEM, Pa. — Bethlehem Steel had total assets of $2.337 billion in its pension fund as of Sept. 30.

Employer contributions for 1984 were estimated at $300 million, and benefits paid to retirees were estimated at $425 million.

All assets are managed in-house. Assets were allocated as follows: 33% stocks, 57% fixed income, 2% short term instruments, and 8% in other types of investments.

Bethlehem dedicated all of its $1.328 billion fixed-income position this past year. The company said it would save about $50 million in annual employer contributions through the dedication.

Reportedly, Salomon Brothers manages the dedicated portfolio.

The company also made its first international investment, committing less than 1% of total assets. It hired Putnam International Advisors of Boston and Morgan Guaranty Trust Co. of London to invest in international equities.

Morgan Guaranty is master trustee for the plan.

Walter W. Buckley Jr. is pension fund manager.

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Boeing Co.

	($ millions)
Total assets	4,948
Pension	3,031
Profit-sharing	310
Thrift or savings	1,616
Employer contributions	187
Benefit payments	112

SEATTLE — Boeing Co. employee benefit assets increased about 12% to $4.9 billion from about $4.4 billion during the 15-month period ended Sept. 30, 1984.

Equity managers: Alliance Capital; Chase Investors; Sit Investment Associates; First Interstate Bank of Washington; IDS Advisory; INVESCO; Cushman Farrell; Capital Guardian; Roseberg Capital Management; Century Capital; Citicorp; and Pringle, Flinn, Elvins & Donahoe.

Bond managers: Robert C. Brown; Seattle First National Bank; W.R. Huff; PIMCO; Morgan Guaranty.

Real estate managers: Security Pacific; Aetna; Prudential; First Chicago.

The benefit system has invested $24 million in venture capital, $340 million in equity real estate and $39 million in mortgages.

As of Sept. 30, the pension asset mix was 48.5% stocks, 22.7% bonds, 13.1% cash and cash equivalents, 10.4% real estate equity, 1.3% mortgages and 4% other.

Chase Manhattan Bank is the master trustee.

Gary Bland, manager trust investments, and Elizabet Marcoux, assistant manager trust investments, are the key investment officers.

Boilermakers, Blacksmiths National Pension Trust

	($ millions)
Total assets	1,420
Pension	1,420
Profit-sharing	0
Thrift or savings	0
Employer contributions	60
Benefit payments	56

KANSAS CITY, Kan. — The $1.42 billion Boilermakers, Iron Shipbuilders, Blacksmiths Forgers and Helpers National Pension Trust invested $5 million each in two real estate funds in 1984.

The fund picked Karsten and Associates' closed-end funds and the open-end developmental properties account managed by Copley Real Estate Advisors.

Managers: Atlanta/Sosnoff; Crocker Investment; Financial Counselors; Lehman Management; Loomis, Sayles; McMorgan; Neuberger & Berman; Prudential Insurance; Scudder, Stevens & Clark; and Trust Co. of the West.

The fund manages about $10 million in short-term investments.

Pension assets grew 5.7% to $1.42 billion as of Sept. 30, from $1.34 billion the year before.

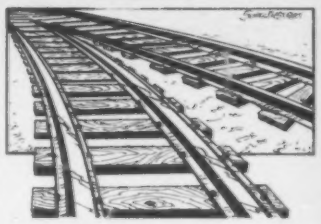
Slightly more than $60 million is in a dedicated bond portfolio, and $120 million is invested in GICs.

Brotherhood Bank & Trust is the master trustee.

Arthur E. Farr, chairman-investment committee, and T. Lusk Wands, administrator, oversee investment management.

California Public Employees' Retirement System

	($ millions)
Total assets	22,717
Pension	22,717
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	1,200



SACRAMENTO, Calif. — The California Public Employees' Retirement System hired the consulting firm Wilshire Associates in 1984 to do an analysis of the fund's asset allocation, goals and investment performance.

Assets for the fund increased 11% to $22.717 billion from $20.438 billion for the 12 months ended Sept. 30.

All assets are managed in-house, but the retirement system does take equity investment advice from Citicorp Investment Management, and real estate advice from F.I.A. Associates, Equitable Real Estate Investment Management and LaSalle Advisors.

The asset mix as of Sept. 30 was 29.4% stocks, 64.5% bonds, 2.4% cash equivalents and 3.7% real estate equity.

The state treasurer's office serves as custodian. Walton Williams is acting chief of investments.

California State Teachers' Retirement System

	($ millions)
Total assets	12,300
Pension	12,300
Profit-sharing	0
Thrift or savings	0
Employer contributions	548
Benefit payments	850

SACRAMENTO, Calif. — The California State Teachers' Retirement System hired seven bond managers in 1984. It was the first step in finding permanent outside managers for the funds' assets since they were split off from the in-house management of the California Public Employees' Retirement System in July 1983.

Hired were Loomis, Sayles & Co; Manufacturers Hanover; Scudder, Stevens & Clark; Miller, Anderson & Sherrerd; T. Rowe Price; Stein Roe & Farnham; and Pacific Investment Management Co.

Assets for the retirement system increased 17% to $12.3 billion from $10.5 billion in the 12 months ended Sept. 30.

Equity managers: Alliance Capital and Trust Company of the West.

Real estate for the fund is managed in-house, but the system does have an adviser, Eastdil. The system has $250 million in real estate equity and $750 million in mortgages.

The asset mix for the fund as of Sept. 30 was 24% stocks, 57% bonds, 12% cash and cash equivalents, 0.2% real estate equity and 6.8% mortgages.

The state treasurer's office is the custodian for the system. Richard Lambourne is the fund's chief investment officer.

University of California Retirement System

	($ millions)
Total assets	4,200
Pension	4,200
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

BERKELEY, Calif. — The University of California Retirement System's total assets increased 4.6% for the year ended Sept. 30, to $4.2 billion. Much of the increase came from the use of interest-sensitive stocks used in the university's bond substitute program, which primarily uses utility stocks. The re-

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tirement system is entirely managed in house, including its real estate and venture capital investment programs.

As of the end of September 1984, the asset allocation for the fund was 76% stocks, 11.7% bonds, 1.0% cash equivalents, 1.3% mortgages and 10.0% bond substitutes.

The system has $55 million in venture capital and $10.7 million in mortgages. Its custodian is Bank of California.

Key personnel overseeing the investment management are Herbert N. Gordon, treasurer, and Patricia A. Small, associate treasurer.

Caterpillar Tractor Co.

($ millions)	
Total assets	2,782
Pension	2,459
Profit-sharing	284
Thrift or savings	39
Employer contributions	na
Benefit payments	na

PEORIA, Ill. — Caterpillar Tractor Co. hired Baring International as an international equity and bond manager in 1984. The firm has $112 million in international assets with the bulk of that, $84.6 million, in equities.

Its tax-exempt assets grew 1%, to $2.78 billion on Sept. 30, 1984, from $2.75 billion on Sept. 30, 1983.

Equity managers: Institutional Capital; Jennison Associates; Morgan Guaranty Trust; Oppenheimer Capital; State Street Research Management; Thorndike, Doran, Pain & Lewis; and Equitable.

Bond managers: Fischer, Francis, Trees & Watts; Jennison; and Morgan Guaranty.

Real estate managers: Aetna; FNB Chicago; LaSalle Street Fund; Travelers Insurance; and Equitable.

International manager: Baring.

Northern Trust Co. is master trustee.

Caterpillar also has $9.7 million invested in oil and gas and $180.5 million in real estate equity.

The asset mix of the pension assets as of Sept. 30 was 54% stocks, 23% bonds, 16% cash and 7% real estate equity.

F.V. Dickinson is manager of risk management and employee benefit funds; Virginia Kane is benefit funds coordinator.

Chevron Corp.

($ millions)	
Total assets	3,034
Pension	1,350
Profit-sharing	1,461
Thrift or savings	223
Employer contributions	198
Benefit payments	155

SAN FRANCISCO — Chevron Corp. hired Pacific Investment Management Corp. in 1984 as a bond manager, and permitted some of the assets to be used in the manager's fixed-income futures program.

The company, which had a 1.6% increase in total employee benefit assets for the year ended Sept. 30, to $3.034 billion from $2.985 billion, also changed its name from Standard Oil Co. of California.

Equity managers: Bankers Trust; Crocker Investment Management; Rosenberg Capital Management; Stralem; Sanford C. Bernstein; Equitable Investment Management; and Provident Investment Counsel.

Bond managers: Pacific Investment Management; Degnan & Gillespie; STW; and Equitable Investment.

Real estate managers: Prudential Property Investment Separate Account; RREEF; Travelers Separate Account R and CREEF.

As of Sept. 30, 44% of the pension assets were in stocks, 17% in bonds, 25% in cash equivalents and 14% in real estate equity.

The fund has $191 million in real estate equity and also uses stock index futures.

Bankers Trust is the master trustee for the assets.

The key person overseeing the investment of assets is Sellers Stough, financial vice president.

Municipal Employees Annuity & Benefit Fund of Chicago

($ millions)	
Total assets	896
Pension	896
Profit-sharing	0
Thrift or savings	0
Employer contributions	63
Benefit payments	82

CHICAGO — The Chicago Municipal Employees Annuity & Benefit Fund allocated $20 million to Citicorp Investment Management Inc. for the fund's first commitment to venture capital.

The fund also made several real estate investments during 1984, including:

- A $47 million, two-year construction loan on a housing project. Trident Investment Management advised the fund on the investment.
- $40 million to a closed-end pooled trust to invest in Illinois real estate. The trust was organized by Trident Investment Management.
- A $51.5 million construction loan for four senior citizen cooperative housing projects, in which it was one of two participants.

Chicago Municipal increased its assets by 49% to $896 million from $602 million in 1983.

The fund has $22 million in a stock index fund, $6 million in foreign fixed income, $26 million in real estate equity, $83 million in mortgages and $222 million in an immunized bond portfolio.

The asset mix is 26% stocks, 53% bonds, 10% cash equivalents, 3% real estate equity and 8% mortgages.

The fund uses stock options in its investment strategy.

Equity managers: Alliance Capital; Trident; and Ariel.

Bond managers: Alliance; Trident; and Bankers Trust.

Real estate managers: Meyer Investment Properties and Aetna.

Continental Bank is the master custodian.

Overseeing investment management for the fund are B.K. Walters, executive director, and Edward Hrzenjack, investment specialist.

Chicago Teachers' Retirement Fund

($ millions)	
Total assets	1,343
Pension	1,343
Profit-sharing	0
Thrift or savings	0
Employer contributions	103
Benefit payments	100

CHICAGO — Assets of the Public School Teachers' Pension and Retirement Fund of Chicago were $1.3 billion Sept. 30, down about 9% from the previous year.

The fund is managed internally, with investment advice from Capital Supervisors.

The approximate asset mix is 60.9% bonds, 31.6% stocks and 7.5% cash equivalents.

A total of $9.4 million, all in fixed income, is invested in foreign markets.

The Chicago city treasurer is master trustee.

Key investment staffers are James F. Ward, executive director, and A. Lee Thurow, president of Capital Supervisors.

Chrysler Corp.

($ millions)	
Total assets	2,186
Pension	1,696
Profit-sharing	0
Thrift or savings	490
Employer contributions	456
Benefit payments	360

DETROIT — Chrysler Corp. undertook a major restructuring of its pension fund in 1984, dropping all its equity managers to set up a $1.1 billion dedicated bond fund, then later cashing out its open-end real estate holdings with John Hancock and Morgan Guaranty.

Most recently, the fund appointed six new managers to run the $1.1 billion dedicated fund it set up last July.

The six managers named were J.P. Morgan Investment Co., Irving Trust, Manufacturers Hanover Trust, Bankers Trust, National Bank of Detroit and Trust Company of the West.

The company will also run about 5% of the dedicated assets in-house.

The fund managers expect the dedicated assets to produce a total return of more than 14%. They also said that the move cut in half Chrysler's unfunded pension fund liability.

In addition to $450 million the fund obtained by dropping its equity managers, the move was funded with $200 million in cash and a $456 million corporate contribution.

In early 1984, Thomas Christian was named Chrysler Corp.'s manager of pension investment, replacing R.K. Alverson, who moved to the group insurance division.

The company's total employee benefit assets grew by about 47% during the 12-month period ended Sept. 30, to about $1.7 billion from about $1.5 billion.

Fixed-income managers: Bankers Trust, Irving Trust, J.P. Morgan, Manufacturers Hanover, National Bank of Detroit and Trust Co. of the West.

Real estate managers: Eastdil, JMB, Prudential and RREEF.

The approximate asset mix of the pension fund was 60% in bonds, 25% in mortgage-backed securities, 10% in cash equivalents and 5% in real estate equity.

Key personnel are Fred Zuckerman, treasurer; Joseph Arpin, assistant treasurer; and Russell P. Flynn, manager of pension fund administration.

CIGNA Corp.

($ millions)	
Total assets	982
Pension	778
Profit-sharing	116
Thrift or savings	88
Employer contributions	38
Benefit payments	32

HARTFORD, Conn. — CIGNA Corp. reported total employee benefits of $982 million as of Sept. 30,

25 largest profit sharing plans
($ millions)

Rank	Fund	Assets
1.	Sears, Roebuck & Co.	$ 3,250
2.	Procter & Gamble	1,874
3.	Chevron Corp.	1,461
4.	Xerox Corp.	1,210
5.	Lockheed Corp.	1,143
6.	Bechtel Power Corp.	995
7.	J.C. Penney Co.	981
8.	Eastman Kodak	847
9.	Halliburton Co.	842
10.	Motorola Inc.	632
11.	Northrop Corp.	590
12.	Unocal	379
13.	Standard Oil Co. (Ohio)	334
14.	Philip Morris Inc.	310
15.	Boeing Co.	301
16.	Texas Instruments	300
17.	Caterpillar Tractor Co.	284
18.	Shell Oil Co.	200
19.	The LTV Corp.	183
20.	Dart & Kraft Inc.	173
21.	Citicorp	166
22.	John Hancock Mutual Life Insurance Co.	117
23.	CIGNA Corp.	116
24.	Florida Power & Light Co.	116
25.	Dow Chemical Co.	100
TOTAL		$16,903

25 largest pension plans
($ millions)

Rank	Fund	Assets
1.	New York State Common	$ 22,800
2.	California Public Employees'	22,717
3.	New York Employees	21,154
4.	General Motors Corp.	20,275
5.	AT&T	18,000
6.	New York State Teachers Retirement System	12,826
7.	California State Teachers Retirement System	12,300
8.	IBM Corp.	10,918
9.	General Electric Co.	10,701
10.	Texas Teachers Retirement System	9,753
11.	New Jersey Division of Investment	9,166
12.	Michigan State Employees' Retirement System	8,951
13.	Wisconsin State Board of Investment	8,629
14.	Ohio Public Employees' Retirement System	8,584
15.	Ohio Teachers Retirement System	8,507
16.	Ford Motor Co.	8,100
17.	North Carolina Retirement System	7,967
18.	Florida State Board of Administration	7,029
19.	U.S. Steel & Carnegie Pension Fund	6,850
20.	E.I. du Pont de Nemours & Co. Inc.	6,678
21.	Pennsylvania Public School Employees'	6,597
22.	Ameritech	6,400
23.	Minnesota State Board of Investment	5,807
24.	Washington State Investment Board	5,400
25.	Teamsters, Central States	5,169
TOTAL		$271,078

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of which $778 million was in pension assets, $116 million in profit-sharing assets and $88 million in a thrift or savings plan.

This is a 10% increase from the $892 million *Pensions & Investment Age* estimated the fund had in 1983.

All of the firm's benefit assets are managed internally by CIGNA Investment Management Co. and CIGNA Capital Advisers Inc.

The company had $10 million invested internationally, of which $4 million was in equities and $6 million in fixed income.

In real estate, it had $29 million in equity and $70 million in mortgages.

The approximate asset mix as of Sept. 30 was 42% stocks, 17% bonds, 1% cash, 4% real estate equity, 9% mortgages and 27% in the general account.

The master trustee is CG Trust.

John K. Armstrong and George Trumbull, both executive vice presidents, are the key investment personnel.

Citicorp

($ millions)	
Total assets	1,158*
Pension	992
Profit-sharing	166
Thrift or savings	0
Employer contributions	91
Benefit payments	na

*P&I Age estimate

NEW YORK — The total employee benefit assets at Citicorp grew 7% in the year ended Sept. 30, 1984, to $1.2 billion from $1 billion a year earlier. Estimates of the amount of assets in the pension and profit-sharing plans were made by *Pensions & Investment Age*.

All of the pension and profit-sharing assets are managed internally. More than $50 million is believed to be invested internationally and almost $50 million in real estate.

Howard Laeir is the chairman of the staff benefits committee and retired vice chairman of Citicorp.

Public Employees Retirement Association of Colorado

($ millions)	
Total assets	4,108
Pension	4,108
Profit-sharing	0
Thrift or savings	0
Employer contributions	265
Benefit payments	185

DENVER — The Public Employee Retirement Association of Colorado had retirement assets of $4.108 billion as of Sept. 30. That represents an increase of approximately 11.6% from the $3.68 billion reported in 1983.

All assets of the Colorado system are managed internally.

The asset mix of the fund as of Sept. 30 was 29.1% stocks, 35.4% bonds, 19.8% cash, 2.1% real estate equity and 13.6% mortgages. The fund has $90 million invested in GICs and $15 million in venture capital.

Norman Jaskol is assistant secretary-finance.

Commonwealth Edison

($ millions)	
Total assets	1,218
Pension	1,218
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

CHICAGO — Commonwealth Edison's assets increased 5.6% to $1,218 million as of Sept. 30, 1984, from $1,153 million the previous September. All of the fund's assets are managed internally, with $629 million in equity, $175 million in short-term, $394 million in fixed income and $20 million in other investments.

Asset mix for the fund is 51% stocks, 34% bonds and 15% cash equivalents.

The fund has $1.7 million in oil and gas and $43 million in foreign markets, including $32 million in equity and $11 million in fixed-income investments.

Key personnel are Robert F. Lindner, manager of investments and equity investments manager, and Howard R. Carlson, fixed-income investments manager.

State of Connecticut Trust Funds

($ millions)	
Total assets	2,979
Pension	2,979
Profit-sharing	0
Thrift or savings	0
Employer contributions	323
Benefit payments	275

HARTFORD, Conn. — The $2.979 billion State of Connecticut Retirement System pension fund had a 15% increase in total assets as of Sept. 30, 1984, from the previous year's $2.6 billion.

Employer contributions for 1984 will total $323 million, which represents only a slight change from the previous year's $320 million. In benefits paid out in 1984, there was an 11% increase, to $275 million from $248 million the previous year.

About $1.223 billion is managed in-house, with fixed income totaling $553 million, short-term securities totaling $259 million and other investments, $411 million.

There are no investments in international securities, venture capital or oil and gas partnerships.

Real estate equities account for roughly $248 million, or 8% of total assets, while mortgage-backed securities make up $344 million, or 12% of total assets.

Equity managers: David L. Babson, Bernstein-Macaulay, Capital Guardian Trust, Connecticut Bank & Trust, Connecticut National Bank, CIGNA and Wright Investors' Service.

Bond managers: Scudder, Stevens & Clark; Lehman Management; Loomis, Sayles; and Financial Management Group (Bear Stearns).

Real estate managers: Aetna, CIGNA, Phoenix Mutual and Travelers.

The approximate asset mix on Sept. 30 was 35% stocks, 34% bonds, 9% cash equivalents, 8% real estate equity, 12% in mortgage-backed securities and 2% in GICs.

Connecticut Bank and Trust and Connecticut National Bank are custodians.

Overseeing investment of the fund is Frank P. McDermott, deputy treasurer for investments.

Conoco Inc.

($ millions)	
Total assets	1,800*
Pension	700
Profit-sharing	0
Thrift or savings	1,100
Employer contributions	86
Benefit payments	65

*as of June 30, 1984

WILMINGTON, Del. — The Conoco funds appointed two bond managers and two venture capital managers for the nine-month period ended June 30, 1984.

The two bond appointees were Miller, Anderson & Sherrerd and Solomon Asset Management. The two new venture capital managers were Golder, Thoma, Cressey and Robertson, Colman & Stephens.

With the new appointments, the fund increased its venture capital managers to seven, and its number of venture capital partnerships to 10.

During the same time, the fund terminated a fixed-income account with Fischer, Francis, Trees and Watts.

Total assets of the fund grew by $355 million in the nine-month period to $1.8 billion from $1.445 billion, an increase of almost 25%.

During the period, the fund's trustees also placed a small amount in overseas markets through Batterymarch Financial in Boston, according to Roland Hartman, manager of pensions investments.

It was the second foray into the international arena for the fund, which already had international exposure through Morgan Guaranty Trust.

The fund received new contributions of $86 million and paid out benefits of $65 million.

Equity managers: Fred Alger; BMI Capital; Batterymarch; InterFirst Investment; GAMCO; J.P. Morgan Investment; Value Line; Hambrecht & Quist; Hellman Jordan; Leylegian; and McKenzie Walker and Rogers, Casey Barksdale's Special Equity Group Trust.

Bond managers: Bankers Trust; Miller, Anderson & Sherrerd; J.P. Morgan; and Solomon.

Real estate managers: Morgan Guaranty Trust, InterFirst Bank Dallas, Hancock and Travelers.

Venture capital managers: Excelsior; Hambrecht & Quist; Golder, Thoma, Cressey; Pathfinder Fund; Robertson, Colman & Stephens; Sequoia Fund; and Warburg, Pincus.

International managers: Batterymarch and J.P. Morgan.

The asset mix was approximately 67% in stocks, 11% in bonds, 1% in cash equivalents, 9% in real estate equity, 1% in mortgage-backed securities, 8% in GICs and 3% in venture capital.

U.S. Trust Co. was the master trustee.

Key personnel are Roland Hartman Jr., manager-pension investments; Lucille Jones, coordinator-pension investment; and William Smith, coordinator-pension investment.

Consolidated Edison

($ millions)	
Total assets	1,359
Pension	1,359
Profit-sharing	0
Thrift or savings	0
Employer contributions	64
Benefit payments	72

NEW YORK — Consolidated Edison added First Manhattan as an equity manager and dropped Harris Trust as a bond manager during the year ended Sept. 30, 1984.

Total pension assets increased 7.8%, to $1,359 million from $1,261 million the previous year. Employer contributions dropped 14.7%, to $64 million, and benefit pay-outs increased 10.8% to $72 million.

The approximate asset mix as of Sept. 30 was 49% stocks, 16% fixed income (including bonds, mortgages and mortgage-backed securities), 5% cash equivalents, 9% equity real estate and 21% GICs. Con Ed has $122.3 million invested in offshore markets.

Equity managers: Batterymarch; Favia, Hill; Dreyfus Investment; and First Manhattan.

Balanced managers: Morgan Guaranty, Citibank and FMR Investment Management.

Bond manager: State Street Research & Management.

Real estate manager: JMB Institutional Realty.

GICs: Aetna and Metropolitan Life.

Chase Manhattan Bank is master trustee.

John V. Thornton, vice chairman, and John N. Bell, assistant treasurer, oversee fund investments.

Continental Group Inc.

($ millions)	
Total assets	1,119
Pension	966
Profit-sharing	0
Thrift or savings	153
Employer contributions	na
Benefit payments	na

STAMFORD, Conn. — During

25 largest corporate funds ($ millions)

Rank	Fund	Assets
1.	General Motors Corp.	$ 22,799
2.	AT&T	21,455
3.	General Electric Co.	13,338
4.	IBM Corp.	10,918
5.	Ford Motor Co.	9,300
6.	E.I. du Pont de Nemours	8,120
7.	Exxon Corp	7,388
8.	Ameritech	7,000
9.	U.S. Steel and Carnegie Pension Fund	6,850
10.	Bell Atlantic Corp.	6,300
11.	BellSouth Corp.	5,500
12.	Eastman Kodak	5,103
13.	Boeing Co.	4,948
14.	GTE Service Corp.	4,900
15.	Rockwell International	4,900
16.	Sears, Roebuck & Co.	4,808
17.	United Technologies Corp.	4,631
18.	Shell Oil Co.	4,517
19.	NYNEX	4,400
20.	McDonnell Douglas	4,108
21.	Lockheed Corp.	4,102
22.	Mobil Oil	4,000
23.	Westinghouse Electric Corp.	3,650
24.	Southwestern Bell Corp.	3,590
25.	United Air Lines	3,500
TOTAL		$180,125

25 largest public funds ($ millions)

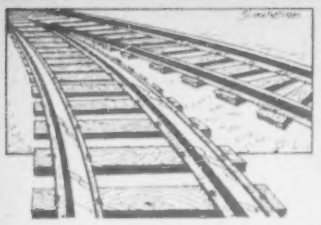
Rank	Fund	Assets
1.	New York State Common Fund	$ 22,800
2.	California Public Employees' Retirement System	22,717
3.	New York City Employees	21,154
4.	New York State Teachers Retirement System	12,826
5.	California State Teachers' Retirement System	12,300
6.	Texas Teachers Retirement System	9,753
7.	New Jersey Division of Investment	9,166
8.	Michigan State Employees Retirement System	8,951
9.	Wisconsin State Board of Investment	8,692
10.	Ohio Public Employees Retirement System	8,584
11.	Ohio Teachers Retirement System	8,507
12.	North Carolina Retirement System	7,967
13.	Florida State Board of Administration	7,029
14.	Pennsylvania School Employees Retirement System	6,597
15.	Minnesota State Board of Investment	5,607
16.	Washington State Investment Board	5,400
17.	Georgia State Retirement Systems	4,723
18.	Pennsylvania State Employees Retirement System	4,453
19.	Los Angeles County Employees'	4,394
20.	Oregon Public Employees Retirement System	4,200
21.	University of California Retirement System	4,200
22.	Colorado Public Employees	4,108
23.	Maryland State Retirement & Pension Systems	4,107
24.	Retirement Systems of Alabama	4,095
25.	Teachers' Retirement System of Illinois	3,788
TOTAL		$216,118

Largest union funds ($ millions)

Rank	Fund	Assets
1.	Teamsters, Central States	$ 5,169
2.	Teamsters, Western Conference	5,129
3.	United Mine Workers of America	2,784
4.	Boilermakers, Blacksmiths National Pension Trust	1,420
5.	Hospital & Health Care Employees	1,037
6.	International Union of Operating Engineers	1,037
7.	Bakery and Confectionary Union & Industry	1,010
8.	Marine Engineers Benefit Association	840
9.	I.A.M. National Pension Fund	800
TOTAL		$19,226

Largest miscellaneous funds ($ millions)

Rank	Fund	Assets
1.	University of California Employees	$ 4,200
2.	United Nations Joint Staff	3,610
3.	United Methodist Pension Fund	1,578
4.	Tennessee Valley Authority	1,449
5.	Southern Baptist Convention	1,300
6.	World Bank	1,189
7.	National Rural Electric Co-op	1,055
8.	United Presbyterian Pension Fund	965
9.	Episcopal Ministers Pension Fund	820
10.	Army & Air Force Exchange	765
TOTAL		$16,931



1984, Continental Group Inc.'s pension fund eliminated its balanced managers, Alliance Capital Management and IDS Advisory.

At the same time, it hired four managers. It hired Bankers Trust to run a $117 million portfolio, shifting between a stock index fund and fixed income at Continental's direction. Continental uses the portfolio to adjust the asset allocation and control pension fund risk.

It hired a second international equity manager, Rowe Price-Fleming, a second bond manager, Fischer Francis Trees & Watts, and a third real estate manager, Northern Trust.

Continental's total employee benefit assets rose 4% to $1.119 billion from $1.075 billion during the year ended Sept. 30.

Of these, $966 million were pension assets, up just less than 2% from the previous year.

The rest of the assets, $153 million, were in a 401(k) plan. They increased 21% in the year.

As of Sept. 30, 1984, the pension asset allocation was: 31% equities, 19% bonds, 10% convertibles, 18% cash equivalents, 13% real estate equities, 0.2% mortgage-backed securities, 8% international equities and 1% venture capital.

Equity managers: Lord Abbett, Continental Financial Services, Jennison Associates, Vilas-Fischer, Bankers Trust.

Bond managers: Continental Financial Services and Fischer Francis.

Convertible manager: Trust Co. of the West Asset Management.

Real estate managers: Equitable, Hancock and Northern Trust.

International equity managers: Morgan Grenfell and Rowe Price-Fleming.

Venture capital manager: Welsh Carson Anderson & Stowe.

The Northern Trust Co. is master trustee for pension assets; Citibank is master trustee for the 401(k).

Walter R. Good is vice president-pension asset management.

d

Dart & Kraft Inc.

($ millions)	
Total assets	1,373
Pension	1,044
Profit-sharing	173
Thrift or savings	156
Employer contributions	22
Benefit payments	74

NORTHBROOK, Ill. — Dart & Kraft's total tax-exempt assets increased 3.5% to $1.373 billion on Sept. 30, 1984, from $1.326 billion a year earlier.

The company is known to be restructuring its pension investments.

Equity managers: Atalanta Capital; E.W. Axe; Batterymarch; BEA; Delaware Investment Advisers; Emerging Growth Partners; Fischer, Francis, Trees & Watts; IDS Advisory; Neuberger & Berman; Putnam Advisory; L.F. Rothschild, Unterberg, Towbin; Ruane, Cuniff; Thorndike, Doran, Paine & Lewis; Vanguard; and Weiss, Peck & Greer.

Bond managers: Fischer, Francis and Bankers Trust.

Dart & Kraft holds insurance-company contracts with John Hancock and New England Mutual. Bankers Trust is master trustee for the defined benefit plans; Northern Trust is master trustee for defined contribution plans.

The amount of assets Dart & Kraft has invested overseas almost tripled to $14.8 million on Sept. 30, 1984, from $5 million in 1983.

The company also has $13.2 million in venture capital, $63.2 million in dedicated or immunized bond funds and $207.5 million in GICs.

The pension fund's asset mix is 47% stocks, 9.5% bonds, 10.5% cash, 0.3% mortgage-backed securities, 15.1% GICs and 17.6% IPGs.

William Preece is director-pension finance, and Karen Smith is trust investment analyst.

Deere & Co.

($ millions)	
Total assets	1,590
Pension	1,590
Profit-sharing	0
Thrift or savings	0
Employer contributions	117
Benefit payments	112

MOLINE, Ill. — Greta Marshall left Deere & Co. at the beginning of 1984 to head BayBanks of Boston's investment division.

Carl Liebscher succeeded her as director of investments.

In early 1984, the company invested $2 million in Plant Resources Venture Fund, a plant biotechnology venture capital fund out of Boston. In September, however, Deere curtailed plans to increase investments in venture capital and real estate because cash flow into the fund was tight.

Deere has $15 million in venture capital and $5 million in equity real estate.

Equity managers: Alliance; J.P. Morgan; Batterymarch; Wright Investors' Service.

Bond managers: Brown Brothers Harriman; J.P. Morgan.

Real estate manager: J.P. Morgan.

Internally run pension assets total just more than $1 billion. Of that, $790 million is invested in equities, $200 million in bonds, $25 million in short-term and $15 million in miscellaneous investments.

Total employee benefit assets increased by $59 million or about 4% in the year through Sept. 30. Deere's indexed assets, however, jumped about 19% to slightly more than $1 billion.

The approximate asset mix of the company's pension fund was 74% stocks, 20% bonds, 5% cash equivalents and 1% real estate.

Boston Safe Deposit & Trust is the master trustee.

Aside from Mr. Liebscher, those overseeing investments are Sam Syverud, manager-investment analysis, and Barron Curtis, portfolio manager.

April 1: Taft-Hartley funds report.

MidCon shows why it can buy and sell gas at a competitive advantage.

HOW GEOGRAPHY IMPROVES ECONOMICS.

The map tells the story.

Our pipelines go where the gas is. And move it to where it's needed.

From the Rockies to Louisiana and the Gulf. From Chicago to Texas and New Mexico. Our 15,000 miles of pipelines are right where you'd want to have pipelines. And that gives us several advantages:

BUY LOW, SELL LOW.

We can shop for gas nearly everywhere gas is found. And *buy* wherever it's cheapest. This allows us to *sell* gas at highly competitive rates and still earn a reasonable margin. Which gives us an advantage in competing for share of market in the new, open markets for gas.

The effect of this advantage is already clear. Our fiscal 1984 earnings were a record $145.5 million, up 20 per cent over last year.

We built our pipeline network through an accelerating acquisition program. The starting point was Natural Gas Pipeline Company of America, one of the lowest-cost pipeline suppliers in the continental U.S. and our largest producer of revenue.

We were a partner in building the Trailblazer Pipeline from the West in 1982, and we acquired Mississippi River Transmission Corporation in 1983.

This year, we became full or joint owners of three more pipeline companies. All told, we've added over 2,900 miles of pipelines since the fall of 1983.

ACQUISITIONS THAT BUILD PROFITS.

Our acquisitions help us in several specific ways. They expand our markets. Improve operating margins. Balance seasonal deliveries. And achieve economies of scale.

For example, last year we used our network to move over 300 billion cubic feet of gas for other companies. This lowered our unit costs.

We've already made some important acquisitions. But we're still looking for more good opportunities. Especially pipelines that can make the most of low-cost gas and aggressive marketing.

Mississippi River Transmission Corpora-

Delta Air Lines Inc.

($ millions)	
Total assets	1,800
Pension	1,600
Profit-sharing	0
Thrift or savings	200
Employer contributions	na
Benefit payments	na

ATLANTA — Delta Air Lines reportedly hired Morgan Grenfell Investment Services and Globe Finlay in 1984 to run $15 million each in international equities. *Pensions & Investment Age* estimated the airline already had $16.5 million invested internationally as of Sept. 30, 1983.

Managers (according to the 1985 Money Market Directory): McKenzie, Walker; New England Mutual; Travelers; Vanguard.

The airline's total employee benefit assets increased $150 million or almost 10% in the year ended Sept. 30, 1984. During this period, thrift or savings assets grew 33% to $200 million from $150 million.

The pension-fund asset mix as of Sept. 30 was 55% equities, 30% bonds and 15% cash equivalents.

Harris Trust & Savings Bank acts as the company's master trustee.

Delta would not reveal further information.

James Taylor, manager-investment management, and Frank Chew, treasurer, oversee the investment of the company's funds.

Detroit Retirement Systems

($ millions)	
Total assets	2,021*
Pension	2,021
Profit-sharing	0
Thrift or savings	0
Employer contributions	147
Benefit payments	151

*as of June 30, 1984

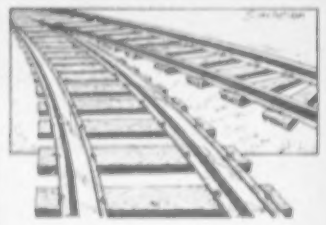
DETROIT — The Detroit Retirement Systems' fund is made up of the Policemen and Firemen's Retirement System and the General Retirement System.

Pension assets for the police and firemen's system increased 11% to $1 billion from $900 million for the year ended June 30. Pension assets for the general system increased roughly 0.2%, to $1.019 billion from $1.017 billion.

The combined employer contribution for the two funds diminished by 8% to $146 million from $159 million the previous year. Combined pay-out of benefits to retirees increased 12% to $151 million from $135 million.

About $100 million is managed in-house for each of the two funds in short-term cash equivalents.

Equity managers: Oppenheimer Capital and Marquette Capital Management (police and firemen's fund); and Scudder, Stevens & Clark and Comerica Bank-Detroit (general system).



Bond managers: Putnam Advisory (police and firemen's) and Loomis, Sayles (both funds).

Real estate managers: Mellon Bank and Mortgage Investors Group (police and firemen's).

The asset mix of the retirement was 19.8% stocks, 27.9% bonds, 16.7% cash equivalents, 0.5% real estate equity, 9.9% in mortgages, 4.1% in mortgage-backed securities, 19.8% GICs and 1.3% in construction loans.

Neither fund has any international investment.

The police and firemen's plan uses Manufacturer's National Bank of Detroit as master trustee; the general system uses Comerica Bank-Detroit.

Fred Murphy is executive secretary for both funds. Del Berryhill is administrative assistant.

Dow Chemical Co.

($ millions)	
Total assets	1,400
Pension	1,300
Profit-sharing	100
Thrift or savings	0
Employer contributions	105
Benefit payments	98

MIDLAND, Mich. — Dow Chemical Co. had $1.4 billion in employee benefit assets as of Sept. 30, 1984, the same amount reported in 1983.

Equity managers: Alliance; Stein Roe; J.P. Morgan; David L. Babson; AmeriTrust; National Bank of Detroit; Emerging Growth Partners.

Bond manager: J.P. Morgan.

Real estate manager: Coldwell Banker.

International managers: J.P. Morgan; Schroder International.

The company runs $405 million in-house: $225 million in equities, $130 million in fixed income, $5 million in short-term and $45 million in other investments.

Dow has $70 million contingently immunized. It also invests $40 million in international equities, $8 million in venture capital and $5 million in oil and gas.

The approximate asset mix of the fund as of Sept. 30 was 62% stocks, 26% bonds, 5% cash equivalents, 4% equity real estate and 3% GICs. Less than 1% of plan assets is committed to venture capital and oil and gas.

National Bank of Detroit is the plan's master trustee.

Those at the company overseeing investments are E.C. Yehle, director-pension investments; W. Jerry Burroughs, manager-pension investments; B.H. Brooks, portfolio manager; and R.C. Cross, portfolio manager.

Dresser Industries Inc.

($ millions)	
Total assets	800
Pension	680
Profit-sharing	0
Thrift or savings	0
Employer contributions	15
Benefit payments	45

DALLAS — Dresser Industries Inc. purchased $45 million in GICs in 1984, bringing the total invested in the contracts to $300 million. Since 1981, Dresser has placed about one-third of its $800 million pension assets into GICs.

Dresser also committed $7 million to Lehndorff & Babson Real Estate Counsel's first closed-end real estate pool.

Equity managers: David L. Babson; Delaware Investment Ad-

tion is a good example. Within six months after we acquired it, MRT reduced its rates three times. And its 1984 earnings showed an improvement of more than 50 per cent (with a little help from a hard winter).

Not all our pipeline acquisitions have done *that* well, but every one of them contributed to our bottom line in 1984. Even after acquisition costs.

5 STRENGTHS THAT KEEP US FLEXIBLE.

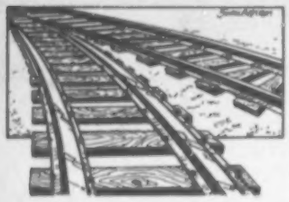
As we look at the Eighties, we see a lot of uncertainty in gas marketing. And a lot of opportunity.

Which is precisely the reason we have structured our company to be ready for anything. In a word, we're *flexible*. And we build that flexibility on five main strengths:

1. Ability to *buy* gas at low cost.
2. Ability to *market* gas at low prices.
3. Strong cash flow.
4. Ability to acquire the right pipeline companies at the right times.
5. Strong, experienced management.

For more information on our plans for the Eighties, contact Kathleen Vuchetich, Manager, Investor Relations, MidCon Corp., 701 E. 22nd Street, P.O. Box 1207, Lombard, IL 60148. Or phone (312) 691-2557.

MIDCON CORP.



visors; Endowment Management and Research; Equitable; Loomis, Sayles; Provident Capital.

Bond managers: Equitable; Morgan Guaranty; U.S. Trust.

Real estate manager: Lehndorff & Babson.

GIC managers: Canada Life; Equitable; Metropolitan; New York Life; Aetna; Hancock; Travelers; Massachusetts Mutual; New England Life; Mutual Benefit Life; Pacific Mutual.

Dresser manages $80 million of its pension assets internally.

The fund's asset mix, as of Sept. 30, is 30% stocks, 10% bonds, 20% cash, 4% real estate and 36% GICs.

P.W. Willey is Dresser's treasurer.

E.I. du Pont de Nemours & Co. Inc.

	($ millions)
Total assets	8,120
Pension	6,678
Profit-sharing	0
Thrift or savings	1,442
Employer contributions	390
Benefit payments	400

WILMINGTON, Del. — The Du Pont pension plan boosted its foreign bond investments by 360% in 1984, raising the total to $612 million from $133 million the year before.

The $6.7 billion fund's international equity component, however, stayed virtually flat, slipping to $272 million from $277 million.

Total employee benefit assets increased by about 3%, to $8 billion from just less than $7.9 billion.

The fund is almost completely managed in-house; it uses stock-index and fixed-income futures and bond options.

The Du Pont thrift plan was renamed the savings and investment plan with the addition of a 401(k) feature. As of Sept. 30, savings plan assets grew 17% to $1.4 billion from $1.2 billion the year before.

Outside managers for the savings plan are Bankers Trust for equities and Equitable Life for bonds.

As of Sept. 30, the asset mix for the pension fund was 68% stocks, 15% bonds, 10% cash equivalents, and 7% mortgage-backed securities.

Wilmington Trust Co. is the master trustee.

Overseeing investments are David F. Marvin, vice president, and A.H. Nehrling, director-employee benefits.

Eastern Air Lines

	($ millions)
Total assets	1,500
Pension	1,500
Profit-sharing	0
Thrift or savings	0
Employer contributions	80
Benefit payments	na

MIAMI — Eastern Air Lines proposed to contribute a debt security to its fixed benefit plan in 1984 that would replace the pilots' part of a $25 million cash contribution the company failed to meet in 1983.

The Department of Labor, however, sent Eastern back to the drawing board to redesign the seven-year note because the 9% interest rate it would carry was too low.

Eastern estimated its employee benefit assets rose by about 7%, to $1.5 billion on Sept. 30, 1984 from $1.4 billion on Sept. 30, 1983. About $900 million of that represents the fixed-benefit retirement plan. The remaining $600 million makes up the pilots' variable benefit fund and a variable benefit retirement plan for ground employees.

The variable-benefit fund took a "significant" amount of assets in-house in 1984, officials said. About one-third of the plan is now run internally. Eastern officials did not provide a breakdown, however.

The fund also hired Trust Co. of the West to run an unspecified amount of money in real estate, oil and gas and equities.

Variable plan managers: Waite & Correnti; Amoskeag National Bank and Trust; Campbell Advisors; Capital Guardian; Crocker National Bank; National Investment Services; NCNB National Bank; Rollert & Sullivan; Southland Trust; Thorndike, Doran, Paine & Lewis; and Trust Co. of the West.

Fixed-benefit plan managers: (according to the 1985 Money Market Directory) Abel Noser; Delaware Trust; Equitable; INVESCO; Kent Associates; Norwest Capital; Prudential Asset Management; Rollert & Sullivan; TCW Asset Management; and Waite & Correnti.

The directory lists Prudential Asset Management as manager for the ground employees' variable-benefit plan.

At the outset of 1984, Eastern hired Northern Trust to replace Chase Manhattan Bank as master trustee of the fixed-benefit plan. State Street Bank & Trust is master trustee for the pilots' variable-benefit plan.

Robert Wallace, director-pension asset management, oversees investments.

Eastman Kodak

	($ millions)
Total assets	5,103*
Pension	4,256
Profit-sharing	847
Thrift or savings	0
Employer contributions	84
Benefit payments	196

* P&I Age estimate

ROCHESTER, N.Y. — Based on Eastman Kodak's reported total of $4.8 billion in employee benefit assets as of Dec. 31, 1983, *Pensions & Investment Age* estimates that the funds totaled $5.1 billion as of Sept. 30, 1984. That represents an increase of 9% over last year's estimate of about $4.7 billion. *P&I Age* also estimated the employer contribution at $84 million.

In early 1984, Eastman Kodak committed to a venture capital fund offered by John Hancock, which invests in small- to medium-sized growth-oriented companies.

Through the venture capitalist firm Horsley, Keough & Associates, which was hired in 1984, Kodak made a private placement in convertible preferred stock of Synapse Computer Corp.

The fund made a number of changes in its manager lineup. Equity managers added last year are Analytic Investment Management; McKenzie, Walker Investment Management; and Waddell & Reed. JMB Institutional Realty was hired to oversee real estate; John Hancock, GICs; and Horsley, Keough & Associates, venture capital. The fund no longer has GICs with Equitable.

Equity managers: American National Bank; Analytic; Batterymarch; Fidelity Management; Kemper; McKenzie, Walker; Morgan Guaranty; Neuberger & Berman; T. Rowe Price; Rogers, Casey & Barksdale; State Street Research; Value Line; and Waddell & Reed.

Real estate managers: Aetna; Equitable; JMB; Prudential; and RREEF.

GICs: John Hancock and Metropolitan.

The fund has an estimated $156 million in real estate equity. It reported using index funds, stock options, venture capital and oil and gas investments, but did not disclose any figures. Also, investments were placed in international equities.

The approximate asset mix as of Dec. 31, 1983, was 56% stocks; 1% bonds; 5% cash equivalents; 3% real estate equity; 10% GICs; and 25% annuities.

Boston Safe Deposit & Trust Co. is the master trustee.

Key personnel are Russell L. Olson, director-pension investments and A. Duff Lewis Jr., pension investment coordinator.

Eaton Corp.

	($ millions)
Total assets	813
Pension	683
Profit-sharing	0
Thrift or savings	130
Employer contributions	75
Benefit payments	45

CLEVELAND — Pension assets fell $17 million in the year ended Sept. 30, despite a $30 million net corporate pension contribution after the payment of benefits.

Pension assets totaled $683 million, down 2.5% from the $700 million at Sept. 30, 1983. The company attributed the loss to "a drop in the market in general. The fund hasn't performed as well as the market."

Its employee savings assets were $130 million, up 30% in the year ended Sept. 30.

In 1984, the pension fund began using futures and investing in international investments. Its in-house staff buys and sells Standard & Poor's 500 futures contracts. In 1985, the fund expects to expand their use through Bankers Trust's S&P 500 futures fund.

The fund began a conventional S&P 500 stock-index fund, invested in the actual stocks with Bankers Trust, allocating $56 million. Also, it added a $16 million dedicated bond portfolio, yielding 12%. Salomon Brothers set it up and Bankers Trust reoptimized it. Altogether the fund now has $37 million in dedicated bond portfolios, all managed in-house.

In international, it hired Morgan Grenfell Investment Services to run $15 million in equities.

The fund dropped three equity managers — Stein Roe Farnham, Putnam and Century Capital Associates. It split their money between the Bankers Trust index fund and Morgan Grenfell.

After a four-year hiatus, Bankers Trust once again became master trustee, taking over from Mellon National Bank, which previously had replaced Bankers Trust.

As of Sept. 30, its pension asset mix was 63% domestic equities, 2% international equities, 12% bonds and 23% cash equivalents. The bonds include Eurodollar bonds run by MacKay-Shields. Eaton has $8 million in venture capital; it runs $84 million in equities in-house.

Equity managers: Thorndike Doran; Wellington; McConnell & Miller; Frontier Capital; Bankers Trust, E.W. Axe; Target Investors; Fidelity; Weiss Peck & Greer; and Oppenheimer.

Bond managers: Thorndike Doran; Wellington; and MacKay-Shields.

International equity manager: Morgan Grenfell.

Venture capital managers: Oxford Partners; Euclid Partners; Vista Ventures; and Mayfield V.

The key personnel are: John M. Carmont, treasurer; Richard J. Gabel, manager-pension funds; and Patricia A. McCoy, administrator-pension funds.

Funds investing in GICs
($ millions)

Fund	Assets
Shell Oil Co.	$ 1,342
Trans World Airlines	580
Eastman Kodak	520
Detroit Retirement Systems	404
Ford Motor Co.	400
General Dynamics	400
Gulf Oil Corp.	386
Westinghouse Electric Corp.	350
Marathon Oil Co.	337
New York City Employees	308
Dresser Industries Inc.	300
Mobil Oil	300
Consolidated Edison	285
Xerox Corp.	251
United Methodist Pension Fund	240
General Foods Corp.	233
United Presbyterian Church Pension Board (USA)	218
Dart & Kraft Inc.	208
Allied Corp.	200
International Union of Operating Engineers	195
J.C. Penney Co.	190
General Electric Co.	188
Exxon Corp.	186
Phillips Petroleum Co.	160
Employees Retirement System of Hawaii	153
Hercules Inc.	152
Philip Morris Inc.	150
Travelers Corp.	150
Tennessee Valley Authority	147
McDermott International Inc.	146
Continental Group Inc.	140
Southern California Edison	130
Halliburton Co.	123
Boilermakers, Blacksmiths National Pension Trust	120
Ashland Oil Inc.	112
ITT	110
Sun Co.	104
Ameritech	100
Bakery and Confectionary Union & Industry	100
International Harvester Co.	100
K mart Corp.	100
Inland Steel Co.	94
Colorado Public Employees Retirement	90
Martin Marietta Corp.	78
National Rural Electric Co-op.	78
Pacific Gas and Electric Co.	73
Southern New England Telephone Co.	71
Getty Oil Co.	68
State of Connecticut Trust Funds	67
Conoco Inc.	60
Southern Co.	56
Chevron Corp.	53
Eli Lilly & Co.	52
Monsanto Co.	50
FMC Corp.	47
Dow Chemical Co.	45
Bechtel Power Corp.	40
Aluminum Co. of America	38
Marine Engineers Benefit Assoc.	38
Armco Inc.	29
Standard Oil Co. (Ohio)	28
United Technologies Corp.	25
Retirement Systems of Alabama	20
Raytheon Co.	20
Florida Power & Light Co.	18
Illinois State Universities Retirement System	16
Indiana State Teachers Retirement Fund	16
Honeywell Inc.	15
Motorola Inc.	15
Army and Air Force Exchange Service	14
PPG Industries	14
American Airlines	10
Greyhound Corp.	10
Los Angeles County Employees'	10
Massachusetts Employees and Teachers	7
Illinois State Board of Investment	6
Teamsters, Central States	6
National Intergroup Inc.	5
TOTAL	$11,700

Forthcoming issues will focus on: corporate finance, Feb. 4; treasury software, March 4; Taft-Hartley funds, April 1; and a separate investment adviser directory in April.

Episcopal Ministers' Church Pension Fund

($ millions)	
Total assets	820
Pension	820
Profit-sharing	0
Thrift or savings	0
Employer contributions	38
Benefit payments	24

NEW YORK — The Episcopal Church Pension Fund reported $820 million in employee benefit assets as of Sept. 30, all in pension assets. This is a 2.2% increase from the $802 million reported the previous year.

The fund will receive a $38 million contribution for 1984, down from $44 million in 1983, and pay out $24 million in benefits, up from $23 million.

Equity managers: J.P. Morgan and Alliance Capital.

Bond manager: J.P. Morgan.

The asset allocation of the fund was 56% stocks, 31% bonds, 12% cash and 1% mortgages; fixed-income futures are used.

Morgan Guaranty is custodian.

Key investment personnel are Robert A. Robinson, president; James B. Knowles, finance committee chairman; and David L. Brigham, finance committee member.

Exxon Corp.

($ millions)	
Total assets	7,388
Pension	4,484
Profit-sharing	0
Thrift or savings	2,904
Employer contributions	437
Benefit payments	280

NEW YORK — Exxon Corp.'s total employee benefits assets increased 12%, to $7.4 billion as of Sept. 30, from $6.6 billion the previous year.

During the year, Exxon allocated additional assets to existing real estate manager Corporate Property Investors.

Exxon runs $3.5 billion internally: about $1.77 billion in equities, $181 million in fixed income and $1.55 billion in short-term instruments.

In addition, $927 million in assets is indexed, while $186 million is invested in GICs.

Venture capital and oil and gas commitments total $56 million and $43 million respectively. About $150 million is invested internationally in equities. Another $607 million is directed toward equity real estate.

Exxon employs stock options and stock index futures in its investment program, as well.

The approximate asset mix of Exxon's pension assets as of Sept. 30 was: 55.1% equities, 8.7% bonds, 6.6% cash equivalents and 13.5% equity real estate. In addition, 16.1% of the plan represents insured assets, royalties and accrued income.

Equity managers: Citibank; RepublicBank Dallas; First City National Bank, Houston; Morgan Grenfell; State Street Bank; and Wells Fargo Investment Advisors.

Bond managers: Scudder, Stevens & Clark and State Street Research and Management.

Real estate managers: Inter-First Bank Dallas; Corporate Property Investors; Prudential; Equitable; and Aetna.

Royalties: First City National Bank of Houston and Louisiana National Bank.

Irving Trust is the company's master trustee.

Those overseeing investments for the fund are C.W. Williams, assistant treasurer; T.M. Castagna, manager; and M.F. Hoben, manager.

Funds investing in dedicated bond portfolios
($ millions)

Fund	Assets
Teamsters, Western Conference	$ 2,847
Ameritech	2,400
Bethlehem Steel Corp.	1,328
Chrysler Corp.	1,100
Teamsters, Central States	1,030
The Signal Companies	1,000
International Harvester Co.	913
The Firestone Tire & Rubber Co.	717
Mobil Oil	700
American Airlines	600
Gulf Oil Corp.	576
Armco Inc.	368
McDermott International Inc.	354
Honeywell Inc.	330
PPG Industries	330
Inland Steel Co.	299
R.J. Reynolds Industries	297
Ford Motor Co.	250
National Intergroup Inc.	228
Chicago Municipal Employees	222
Hercules Inc.	144
International Union of Operating Engineers	132
Pan American World Airways Inc.	130
Ohio Teachers Retirement System	115
Eli Lilly & Co.	110
Raytheon Co.	110
City of Milwaukee	91
Dow Chemical Co.	70
Dart & Kraft Inc.	63
Boilermakers, Blacksmiths	60
Indiana State Teachers Retirement Fund	60
United Technologies Corp.	59
Philip Morris Inc.	45
Eaton Corp.	37
Tennessee Valley Authority	33
United Methodist Pension Fund	28
Texas Instruments	10
Trans World Airlines	8
United Presbyterian Church Pension Board (USA)	8
TOTAL	$17,202

The Firestone Tire & Rubber Co.

($ millions)	
Total assets	964
Pension	964
Profit-sharing	0
Thrift or savings	0
Employer contributions	0
Benefit payments	104.3

AKRON, Ohio — The Firestone Tire & Rubber Co. is restructuring its pension plan into another defined benefit plan with identical benefits in order to recapture between $250 million and $300 million in excess assets. Since Sept. 30, it has purchased annuities with CIGNA as an early step in the procedure.

An Oppenheimer study released in spring 1984 on potential takeover targets and good stock buys puts the amount of Firestone's overfunding at $373 million.

In January, Firestone committed $6 million to Warburg, Pincus Capital Partners, a venture capital fund.

In all, Firestone had $8 million in venture capital.

The Firestone funds are all managed in-house. Total assets were reduced by 3.6%; no contributions were made this year, and benefit payments were down 13.1%.

As of Sept. 30, the approximate asset mix was 8% stocks (down from 40% a year earlier), 79% bonds (up from 60%), 12% cash equivalents and 1% real estate equity.

Dedicated and immunized bond funds held $717 million, up from $520 million last year.

Manufacturers Hanover Trust is the master trust.

James D. Oelschlager, assistant treasurer, and James D. Raith, portfolio manager, oversee the fund.

Florida Power & Light Co.

($ millions)	
Total assets	869
Pension	618
Profit-sharing	116
Thrift or savings	135
Employer contributions	na
Benefit payments	na

MIAMI — Florida Power & Light Co.'s employee benefit assets were $869 million in the year ended Sept. 30, up 14.3% from $760 million the previous year.

Its pension assets alone rose 9.8% to $618 million in the period, from $563 million.

The plan made no major changes in the last year.

Its asset mix was 60% stocks, 18% bonds, 19% cash equivalents and 3% real estate. The stocks include about $35 million in non-Canadian foreign equities. It also has $18 million in guaranteed investment contracts.

Equity managers: Rogers Casey Barksdale; Wells Fargo; Morgan Guaranty; Fayez Sarofim; Batterymarch; Lynch & Meyer; and Roanoke Asset Management.

Bond manager: Harris Trust & Savings Bank.

Real estate managers: John McMahan, JMB and RREEF.

GICs: Metropolitan Life.

Wachovia Bank is master trustee.

R.R. Sears is director of finance and assistant treasurer; Max Kuniansky is senior investment analyst.

Florida State Board of Administration

($ millions)	
Total assets	7,029
Pension	7,029
Profit-sharing	0
Thrift or savings	0
Employer contributions	780
Benefit payments	366

TALLAHASSEE, Fla. — During the year, the Florida State Board of Administration selected 30 managers, committing $2.665 billion and entering such new areas as international and real estate investments.

Among the new managers, it hired three to run options overwrite programs on 10% of its $3 billion in equities.

At the same time, it abruptly switched from primarily managing its assets to hiring outside managers. Before the changes, it had one outside manager, Bankers Trust, hired in mid-1983 to run a stock index fund.

Its pension assets grew 13% to $7.029 billion in the year ended last Sept. 30, from $6.205 billion a year earlier.

In 1985, it expects to broaden its investments further, adding more managers.

Its asset mix as of Sept. 30 was 42% stocks, 33% domestic bonds, 1% international bonds, 6% cash equivalents, 7% real estate equity and 11% mortgage-backed securities.

The fund's master custodian is Citibank.

Equity managers: Eagle; Stein Roe & Farnham; Fred Alger; Alliance; Bessemer Trust, Barrow Hanley; Batterymarch; Delaware Investment; Hutton Capital; Pioneering Management; Southeastern Asset Management; Bernstein Macaulay; INVESCO; Lazard Freres; Bankers Trust; and Westridge Capital.

Domestic bond managers: Alliance and Thorndike Doran.

International bond managers: BAIMCO and Morgan Grenfell.

Real estate managers: Goldman Sachs; LaSalle Partners; Equitable; Aetna; FNB Boston; Hancock; FNB Chicago; Prudential.

Options managers: Bear Stearns; Balch Hardy & Scheinman; and Travelers.

Key personnel overseeing the investment management of the fund are E.J. Yelton, executive director; Thomas Fox, deputy executive director-investments; Lan Janacek, equities portfolio manager; Steve Edelman, bond portfolio manager; Doug Bennett, real estate portfolio manager; and Carmen Hiers, short-term portfolio manager.

FMC Corp.

($ millions)	
Total assets	1,148
Pension	931
Profit-sharing	0
Thrift or savings	217
Employer contributions	12
Benefit payments	40

CHICAGO — FMC Corp. cut its annual pension contribution to "a very small amount" from $40 million in 1983. It declined to disclose the amount. It said most of the $12 million the company contributed in 1984 for employee benefits was for its 401(k) plan.

The company said the substantial cut occurred because the pension plan is approaching the full-funding limitation, no longer allowing deductions from corporate income tax for pension contributions.

In the year ended last Sept. 30, its pension assets grew almost 7% to $931 million. During the same time, its 401(k) assets grew 32% to $217 million. Total employee benefit assets increased by about 11%, to $1.148 billion from $1.035 billion.

The pension fund made no changes in managers during the year.

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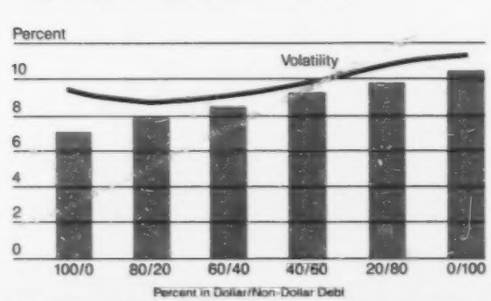
Returns and Volatility with Varying Percent in Dollar/Non-Dollar Debt

Compound Annual Rate of Return 1974-1983



Source: InterSec Research — Returns in U.S. Dollars

Jay A. Diraberger, Managing Director
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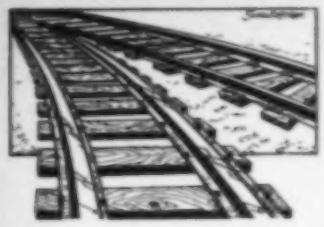


It runs about $116 million in-house ($100 million in equities and $16 million in fixed income), the same amount as in 1983.

The asset mix was 69% domestic equities, 7% international equities, 15% bonds, 5% guaranteed investment contracts and 4% venture capital.

The master trustee is Bankers Trust.

Equity managers: Ruane Cunniff; Thorndike Wellington; Beacon Financial; Templeton; Batterymarch; Tweedy Browne.

Bond manager: Equitable.

GICs: Metropolitan.

Key personnel include W.H. Schumann, director-investments, and B.R. van Eck, vice president, treasurer and secretary.

Ford Motor Co.

($ millions)	
Total assets	9,300
Pension	8,100
Profit-sharing	0
Thrift or savings	1,200
Employer contributions	na
Benefit payments	na

DEARBORN, Mich. — As of Sept. 30, the Ford Motor Co. had doubled its international holdings to $300 million from the $150 million it had held last year at that time. Of that, $250 million was in equity and the remainder in fixed income.

The fund continued its involvement in venture capital, becoming a limited partner in a fund set up by GeoCapital Ventures.

Employee benefit assets increased by about 4.5% during the year ended Sept. 30, to $9.3 billion from $8.9 billion a year earlier.

Of the fund's passive investments, $1.4 billion is indexed, $250 million is in dedicated or immunized bond funds and $400 million is in GICs.

The fund runs $500 million in fixed income in-house. Also, the fund has invested $150 million split evenly in real estate, mortgages and venture capital. Additionally, $30 million is in oil and gas.

The approximate asset mix of the pension assets as of Sept. 30 was stocks, 62%; bonds, 22%; cash equivalents, 9%; real estate equity, 1%; mortgages, 1%; and GICs, 5%.

Fixed-income futures are employed as a hedging device.

Manufacturers National Bank of Detroit is the master trustee.

Managers: Alliance Capital; Bank of Boston; Capital Guardian; Chase Investors; Citibank; Fidelity Management; GeoCapital; Harris Trust; Hathaway Associates; Manufacturers Bank—Detroit; Mitchell Hutchins; Morgan Guaranty; RepublicBank Dallas; Rollert & Sullivan; T. Rowe Price; Siebel Capital Management; Sarofim Trust Co.; Sit Investment Associates; State Street Research.

Key investment management personnel are R.C. White, assistant treasurer, and M.E. Maertens, manager-trust investment analysis.

Taft-Hartley fund issues will be examined April 1.

General Dynamics

($ millions)	
Total assets	2,700
Pension	1,700
Profit-sharing	0
Thrift or savings	1,000
Employer contributions	95
Benefit payments	45

CLAYTON, Mo. — General Dynamics hired Lehman Capital Management in 1984. It terminated several equity managers, including Lieber & Co.; Frontier; Gregg McKay Knight & McKay; Aetna; and Essex. It also no longer uses Mutual of New York for GICs.

The fund had a 7.2% increase in its assets to $2.7 billion on Sept. 30, from $2.517 billion a year earlier.

Asset mix for the fund as of Sept. 30 was 33% stocks, 42% bonds, 15% cash equivalents and 10% GICs.

Equity managers: Alliance; Anderson, Hoagland; Campbell Advisors; Citibank; Miller Anderson & Sherrerd; Neuberger & Berman; Provident Investment Counsel; Lindner Management; Lazard Freres; A.M. Kailing; Jundt/Capen; First Pacific Advisors; Equitable; Delaware Investment; Frank Russell Trust; Seibel Capital; Sit Investment; TCW Asset Management.

Bond managers: BA Investment Management; Centerre Trust; Chase Investors; Discount Corp. of New York; Bankers Trust Co.

GICs: Aetna; Equitable; Hancock; Metropolitan; Mutual Benefit; Travelers.

The company manages $100 million internally, all in fixed income; it has $400 million invested in GICs.

Master trustee for the pension fund is Chase Manhattan.

Key personnel are John P. Maguire, vice president and secretary, and Charles D. Walbrandt, staff vice president-employee benefit trust investments.

General Electric Co.

($ millions)	
Total assets	13,338
Pension	10,701
Profit-sharing	0
Thrift or savings	2,637
Employer contributions	679
Benefit payments	422

STAMFORD, Conn. — Edward H. Malone, who headed the General Electric Co. pension fund, retired at the end of 1984. He was succeeded by Dale F. Frey, former treasurer.

GE's total assets of $13.338 billion were up 11.6% for the year ended Sept. 30, from $11.993 billion a year earlier.

The pension plan had $10.701 billion; a thrift or savings plan, $2.445 billion; and an employee stock ownership plan, $192 million.

Essentially, all of the pension assets are managed in-house — about $5.305 billion in equities, $4.499 billion in fixed income, $567 million in short-term investments and $130 million in other types of investments.

GE invests $243 million internationally through one in-house manager and eight external international managers; ABD International was added during the year. About $200 million is in international equities and $43 million in international fixed income.

Another $188 million is in GICs.

The fund uses stock options and stock index futures. It has $250 million in venture capital and about $10 million in oil and gas.

General Electric has $283 million in real estate equities and $1.746 billion in mortgages.

The asset mix as of Sept. 30 was stocks, 45%; bonds, 21%; cash equivalents, 5%; real estate equity, 3%; mortgages, 14%; mortgage-backed securities, 2%; GICs, 2%; convertible and equity private placements, 3%; international equities, 2%; venture capital, 2%; and 1% miscellaneous.

Chase Manhattan is custodian for the plans.

Key investment personnel are Mr. Frey, vice president of investments; Arthur S. Bahr, manager-equity investments; and Frank X. Tansey, manager-fixed income investments.

General Foods Corp.

($ millions)	
Total assets	1,555*
Pension	1,382
Profit-sharing	0
Thrift or savings	173
Employer contributions	9
Benefit payments	35

* as of Sept. 1, 1984

WHITE PLAINS, N.Y. — General Foods added Trust Company of the West and DLJ Capital Corp. for real estate and venture capital, respectively, during the

Funds investing in equity real estate ($ millions)

Fund	Assets
Ohio Teachers Retirement System	$ 1,276
California Public Employees	841
General Motors Corp.	669
Teamsters, Western Conference	631
Exxon Corp.	605
Prudential Insurance Co.	529
Florida State Board of Administration	492
Oregon Public Employees	420
U.N. Joint Staff Pension Fund	379
Westinghouse Electric Corp.	372
Bell Atlantic Corp.	350
Ameritech	320
Boeing Co.	315
General Electric Co.	283
Pennsylvania State Employees	278
Shell Oil Co.	264
Pacific Telesis Group	240
State of Connecticut Trust Funds	238
Virginia Supplemental	223
Allied Corp.	200
Chevron Corp.	189
Armco Inc.	187
United Technologies Corp.	179
United Air Lines	175
Caterpillar Tractor Co.	172
Metropolitan Life Insurance Co.	167
Sun Co.	157
Ohio Public Employees	148
Goodyear Tire & Rubber	146
Monsanto Co.	144
Hughes Aircraft Co.	142
United Mine Workers of America	139
Pennsylvania Public School Employees	139
Alaska State Retirement Systems	135
Ohio School Employees	134
New York State Teachers	128
Eastman Kodak	128
Utah State Retirement Fund	126
Consolidated Edison	122
Honeywell Inc.	114
Continental Group Inc.	110
Hospital & Health Care Employees	106
Teamsters, Central States	103
The LTV Corp.	102
Owens-Illinois Inc.	101
Aluminum Co. of America	96
ITT	94
Hercules Inc.	92
Phillips Petroleum Co.	89
Illinois State Board of Investment	86
Colorado Public Employees	86
San Francisco City & County	85
Chrysler Corp.	85
Standard Oil Co. (Ind.)	81
Ford Motor Co.	81
North Carolina Retirement System	80
Pacific Gas and Electric Co.	75
John Hancock Mutual Life Insurance Co.	75
Minnesota Mining and Manufacturing Co.	73
Inland Steel Co.	72
Washington State Investment Board	70
Sandia National Laboratories	$ 68
Standard Oil Co. (Ohio)	67
Marine Engineers Benefit Association	66
J.C. Penney Co.	66
Conoco Inc.	63
K mart Corp.	60
Grumman Corp	60
Travelers Corp.	59
General Foods Corp.	55
National Intergroup Inc.	55
Raytheon Co.	55
Illinois State Universities	54
Army and Air Force Exchange	53
Dow Chemical Co.	52
Union Carbide Corp.	50
GTE Service Corp.	49
R.J. Reynolds Industries	48
Aetna Life & Casualty	44
World Bank	43
Maryland State Retirement	41
Unocal	41
I.A.M. National Pension Fund	40
United Methodist Pension Fund	38
Merck & Co.	38
Sears, Roebuck & Co.	36
Dresser Industries Inc.	35
Illinois Teachers' Retirement System	34
CIGNA Corp.	31
Eli Lilly & Co.	30
New York Life Insurance Co.	29
Texas Instruments	28
Chicago Municipal Employees	27
Michigan State Employees Retirement System	27
Southern New England Telephone Co.	25
California State Teachers' Retirement System	25
Trans World Airlines	23
New York State Common Retirement Fund	23
Ashland Oil Inc.	22
Hawaii Employees Retirement	22
Motorola Inc.	22
Philip Morris Inc.	19
Xerox Corp.	19
Florida Power & Light Co.	19
United Presbyterian Church Pension Board (USA)	19
Tennessee Valley Authority	18
Deere & Co.	18
Ohio Police and Firemen's	18
Kentucky Teachers' Retirement System	15
PPG Industries	14
Kentucky Retirement Systems	14
Nevada Public Employees' Retirement System	12
Detroit Retirement Systems	10
Greyhound Corp.	10
Firestone Tire & Rubber Co.	10
Kansas Public Employees Retirement System	9
Los Angeles County Employees'	9
Wisconsin State Board of Investment	9
Textron Inc.	9
Southern California Edison	7
Southern Co.	7
Retirement Systems of Alabama	4
TOTAL	$15,783

year ended Sept. 30, 1984. It also dropped Rothschild Asset Management.

The company, however, continues to hold two alternative investment accounts, including one for real estate, with Rothschild Inc.

Employee benefit assets remained relatively flat at General Foods in the plan year ended Sept. 1. Total assets grew only $55 million during that period, while pension plan assets declined by $18 million.

The company has $7 million invested internationally, $16.6 million in venture capital, $58 million in equity real estate and $233 million in GICs.

The asset mix for pension assets was 38% stocks, 17% bonds, 23% cash equivalents, 4% real estate equity, 1% venture capital and 17% GICs.

Managers: Aetna; Alliance; Bankers Trust; Batterymarch; BEA Associates; Chase Investors; Citibank; First Wisconsin National Bank; Jennison Associates; Hancock; John Hancock Venture Capital; JMB Realty; Metropolitan; Morgan Guaranty; NM Rothschild International; Northern Trust; Prudential; Thorndike Doran; and Trinity Investment.

Key investment personnel are R.D. Nargi, assistant treasurer; R.A. Weimert, manager; and S.C. Philbrick, assistant manager.

General Motors Corp.

($ millions)	
Total assets	22,799*
Pension	20,275
Profit-sharing	0
Thrift or savings	2,524
Employer contributions	na
Benefit payments	na

*P&I Age estimate

NEW YORK — General Motors' total employee benefit assets grew 15.8% to $22,799 million, *Pensions & Investment Age* estimates. As of Dec. 31, 1983, the assets totaled $19,687 million. Pension assets were estimated at $20,275 million, up from $17,508 million as of Dec. 31, 1983.

As of the same date, the asset mix was 49.9% stocks, 19% bonds, 6.1% cash, 3.3% real estate, 0.7% mortgages, 3.1% GICs and 17.9% annuities.

General Motors manages "a small percentage" of its assets internally, although this is expected to rise to at least $1 billion in the future.

It also has assets invested in international markets, managed by nine outside investment firms, and in real estate.

Domestic managers: Aetna; Aldrich, Eastman & Waltch; American National Bank; AmeriTrust; Bank of America; Bankers Trust; Boston Co.; Capital Guardian Trust; Chase Manhattan; Citibank; FNB Boston; FNB Chicago; Harris Trust; InterFirst Bank, Dallas; INVESCO; Landauer Advisors; Lincoln Capital; Manufacturers Hanover; Mellon Bank; Metropolitan Life; Morgan Guaranty Trust, National Bank of Detroit; Prudential Insurance; Schroder Capital; TCW Asset Management; United Capital; Wells Fargo Bank.

International managers: ABD; Baring; Daiwa; Fidelity International; G.T. Capital; Kleinwort Benson; Morgan Grenfell; Nomura; Rowe Price-Fleming.

GM has three master trustees: Bankers Trust; Mellon; Chase Manhattan.

W. Gordon Binns Jr., is chief investment funds officer; R. Charles Tschampion is director-investment management relations.

Funds investing in mortgages ($ millions)

Fund	Assets
New York State Common	$ 2,554
New York State Teachers	1,539
General Electric Co.	1,498
Michigan State Employees	1,244
Pennsylvania Public School Employees	884
Ohio Teachers Retirement System	851
California State Teachers	836
Colorado Public Employees	559
Hawaii Employees Retirement System	462
Los Angeles County Employees	457
Maryland State Retirement	452
Teamsters, Central States	414
Alaska State Retirement Systems	406
Texas Teachers Retirement System	293
Pennsylvania State Employees	267
Oregon Public Employees	252
Retirement Systems of Alabama	242
Arizona State Retirement System	214
New York City Employees	212
San Francisco City & County	202
Detroit Retirement Systems	200
Wisconsin State Board of Investment	174
Nevada Public Employees' Retirement System	173
General Motors Corp.	142
Textron Inc.	138
Goodyear Tire & Rubber	128
West Virginia Board of Investments	114
Kentucky Teachers' Retirement System	89
Ford Motor Co.	81
Chicago Municipal Employees	72
CIGNA Corp.	70
Southern Baptist Convention	65
Texas County & District Retirement Systems	64
Westinghouse Electric Corp.	62
Ohio School Employees	59
University of California Retirement System	55
Georgia State Retirement Systems	47
Owens-Illinois Inc.	47
Boeing Co.	39
Arkansas Teacher Retirement System	38
Illinois State Board of Investment	37
Bakery and Confectionary Union & Industry	30
Phillips Petroleum Co.	28
Travelers Corp.	25
Louisiana State Employees	25
International Union of Operating Engineers	24
Missouri Public School	21
Monsanto Co.	18
Utah State Retirement Fund	18
Ashland Oil Inc.	17
Aluminum Co. of America	16
Marine Engineers Benefit Association	15
Army and Air Force Exchange Service	15
United Technologies Corp.	15
Aetna Life & Casualty	11
Shell Oil Co.	10
Episcopal Ministers' Church Pension Fund	8
Houston Retirement	8
Minnesota Mining and Manufacturing Co.	7
U S WEST	2
United Methodist Pension Fund	2
TOTAL	**$16,047**

Georgia State Retirement Systems

($ millions)	
Total assets	4,723
Pension	4,723
Profit-sharing	0
Thrift or savings	0
Employer contributions	368
Benefit payments	269

ATLANTA — The Georgia State Retirement Systems hired Thorndike, Doran, Paine & Lewis as equity adviser for its $1.3 billion Employee Retirement System Dec. 1. The firm already advises the $3.4 billion Teachers' Retirement System.

The combined funds are managed completely in-house with outside equity advisers.

Equity advisers: Citizens & Southern (teachers fund only); FNB Atlanta (employees' fund only); INVESCO and Thorndike, Doran (both funds).

As of Sept. 30, the combined systems had $4.72 billion in assets, up 12% from the previous year.

The asset mix was 40% stocks, 52% bonds, 3% cash equivalents, 1% mortgages and 4% mortgage-backed securities.

Citizens & Southern is custodian for the teachers' fund, FNB Atlanta for the employees' fund.

Graham R. Lynch is director-division of investment services; C.W. Cary, assistant director; and Nancy Boedy, bond portfolio manager.

Getty Oil Co.

($ millions)	
Total assets	1,128
Pension	710
Profit-sharing	0
Thrift or savings	418
Employer contributions	40
Benefit payments	30

LOS ANGELES — In 1984, Getty Oil Co. was acquired by Texaco Inc. No changes are expected soon in the management of Getty's employee benefit assets as a result of the acquisition.

Getty made no changes during the year in investment strategy or managers.

The pension assets fell slightly in the year ended Sept. 30, a 2% decrease it attributed to slipping markets. At Sept. 30, the pension assets totaled $710 million, down from $721 million the previous year. The company made a $10 million net pension contribution.

Employee benefit assets — the pension fund, employee savings and ESOP — rose 16.4% to $1.128 billion from $969 million a year earlier.

Getty's pension asset mix was 54% equities, 11% bonds, 25% cash equivalents, 10% GICs.

The company has $1 million in real estate equity.

Of the pension assets, Getty runs $146 million in-house: $58 million in fixed income and $88 million in short term.

Equity managers: Fred Alger; Frontier; Avatar; Jennison Associates; McKenzie Walker; Rollert & Sullivan; Security Pacific Investment.

Bond managers: CMB Investment Counselors; Robert C. Brown; STW.

Real estate manager: Citibank.

GICs: Aetna, NWNL, Prudential.

Chase Manhattan is master trustee.

Bruce C. Anderson is assistant treasurer.

Funds investing in mortgage-backed securities ($ millions)

Fund	Assets
Texas Teachers Retirement System	$ 2,146
New York State Common Retirement Fund	1,596
Ohio Public Employees Retirement System	1,322
New Jersey Division of Investment	1,100
Retirement Systems of Alabama	942
Florida State Board of Administration	773
Massachusetts State Employees & State Teachers	720
North Carolina Retirement System	717
New York City Employees	635
South Carolina Retirement System	577
Minnesota State Board of Investment	561
New York State Teachers Retirement System	513
E.I. du Pont de Nemours & Co. Inc.	467
Wisconsin State Board of Investment	435
Chrysler Corp.	424
Connecticut Trust Funds	357
Missouri Public School	336
Nevada Public Employees' Retirement System	297
Ohio School Employees Retirement System	297
Illinois Municipal Retirement Fund	270
Illinois Teachers' Retirement System	261
Teamsters, Central States	258
Ohio Police & Firemen	249
Iowa Public Employees	239
Virginia Supplemental Retirement System	216
General Electric Co.	214
Pennsylvania State Employees	205
Employees Retirement System of Texas	197
Kentucky Retirement Systems	190
Georgia State Retirement Systems	189
Kansas Public Employees Retirement System	165
Mobil Oil	150
New Mexico Educational Retirement Board	130
Teamsters, Western Conference	123
International Union of Operating Engineers	120
Indiana State Teachers Retirement Fund	100
Shell Oil Co.	89
West Virginia Board of Investments	89
Employees Retirement System of Hawaii	88
City of Milwaukee	88
United Mine Workers of America	84
Detroit Retirement Systems	83
Los Angeles Water and Power Employees	80
Pennsylvania Public School Employees	79
Kentucky Teachers' Retirement System	74
Inland Steel Co.	72
Utah State Retirement Fund	72
Philadelphia Municipal Pension Fund	69
Louisiana State Employees	62
Oklahoma Teachers' Retirement	52
Illinois State Board of Investment	49
Alaska State Retirement Systems	37
Arkansas Teacher Retirement System	33
Aluminum Co. of America	32
National Rural Electric Co-op	27
Tennessee Valley Authority	19
Sandia National Laboratories	15
Army and Air Force Exchange Service	15
Indiana Public Employees	13
Unocal	8
Conoco Inc.	7
Ashland Oil Inc.	6
Dart & Kraft Inc.	3
Continental Group Inc.	2
TOTAL	**$18,838**

Goodyear Tire & Rubber

($ millions)	
Total assets	1,854
Pension	1,822
Profit-sharing	0
Thrift or savings	32
Employer contributions	72
Benefit payments	121

AKRON, Ohio — Goodyear's employee benefit plans hired one new equity manager in 1984 — Bankers Trust.

Total employee benefit assets for the year ended Sept. 30 were about $1.86 billion, a 3.6% increase from the $1.78 billion reported a year earlier.

The asset mix for the fund as of Sept. 30 was 51% stocks, 27% bonds, 8% real estate equity, 7% mortgages and 7% other.

The fund has $26.2 million in an indexed portfolio, $182.2 million in real estate equity, $91.1 million in venture capital and $36.8 million in foreign equities.

Equity managers: National City Bank of Cleveland; Bankers Trust; Travelers Investment Management.

Balanced managers: Prudential; Morgan Guaranty; Equitable;

Chemical; Citibank; National Bank of Detroit.

Real estate managers: Prudential; Morgan Guaranty; Equitable.

Key investment personnel include Richard Galloway, assistant treasurer; James Glass, executive vice president; and Donald Kronenburger, vice president.

Greyhound Corp.

($ millions)

Total assets	900
Pension	900
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

PHOENIX — Employee benefit assets at Greyhound increased $74 million, or 8.96%, between June 30, 1983 and Sept. 30, 1984. All of the assets are pension assets.

Asset mix for the fund is 45% stocks, 52.8% bonds, 1.1% real estate equity and 1.1% GICs.

Master trustee for the fund is Wells Fargo Bank and Bank of America.

Equity managers: Wells Fargo; Aetna; Wright.

Balanced managers: West Bank; Security Pacific; Loomis Sayles; National Bank of Detroit.

Bond managers: Brown; CIGNA; Aetna; MH/Edie.

Real estate managers: FNB Chicago; Citibank.

The fund has $250 million in indexed assets and $10 million invested in GICs.

It has less than $10 million in equity real estate.

Key personnel for the fund include Richard B. Zoller, vice president- investments, and Pat Freeman, investments administrator.

Grumman Corp

($ millions)

Total assets	1,726*
Pension	1,197
Profit-sharing	0
Thrift or savings	529
Employer contributions	70
Benefit payments	40

*P&I Age estimate

BETHPAGE, N.Y. — Grumman Corp.'s employee benefit assets are estimated to have grown 9.2% to $1,726 million in the year ended Sept. 30.

The most recent figure available from Grumman was $1,545 million as of Dec. 31, 1983. Pension assets at that time totaled $1,091 million and thrift assets were $454 million.

All Grumman's pension assets except real estate are managed internally, with more than $400 million in stocks, a like amount in fixed income and almost $200 million in short-term assets.

Balanced managers: Fiduciary Trust (employee savings plan) and Connecticut General (a subsidiary retirement plan).

Real estate managers: Prudential and Equitable.

The approximate asset mix was 39% stocks, 38% bonds, 17% cash, 5% real estate and 1% venture capital.

W.R. Parmentier, assistant treasurer/investment manager, oversees the fund.

GTE Service Corp.

($ millions)

Total assets	4,900
Pension	4,900
Profit-sharing	0
Thrift or savings	0
Employer contributions	300
Benefit payments	160

STAMFORD, Conn. — Several key executives of GTE Service Corp. left during the year, including James Dunn Jr., vice president and treasurer of GTE Corp. and president of GTE Investment Management; William P. Marshall, vice president for research and strategies at GTE Investment Management; and Andrew L. Heiskell, vice president-fixed income.

John B. Carroll, previously with Evaluation Associates, a leading consulting firm, was named president of GTE Investment Management; Richard H. Klemm was named vice president-pension management. Peter Gable was promoted to vice president-fixed income, to replace Mr. Heiskell.

GTE's pension assets grew by only $100 million — 2% — in the year ended Sept. 30, to $4,900 million from $4,800 million. The company contributed approximately $300 million to the fund in 1984 and paid out an estimated $160 million in benefits.

During the year, at least 13 managers were added, including Dean Witter Reynolds; Eagle Management & Trust; First Manhattan; Grantham, Mayo, Van Otterloo; and Hutton Capital Management. At least nine were dropped, including First & Merchants National Bank; Ivory & Sime International; Kingsley, Jennison, McNulty & Morse; and McKay-Shields Financial Corp.

Managers: Bankers Trust; Baring International; Bartow McLeod International; BMI Capital; Boston Co.; Cashman, Farrell; Century Capital; Citibank; Dean Witter Reynolds Intercapital; Eagle Management; Endowment Management & Research; Fidelity International; First Manhattan Co.; First Pacific Advisors; Franklin Portfolio Associates; Frontier; General American Advisors; GeoCapital Corp.; Grantham Mayo, Van Otterloo; G.T. Capital; Hambrecht & Quist; Hathaway Associates; Hellman, Jordan; Hoisington; Hotchkis & Wiley; Hutton Capital; Johnson, Valiant & Broadfoot; Manufacturers Hanover Investment; Marine Trust; Morgan Grenfell; Morgan Guaranty; Morgan Stanley Asset Management; Neville, Rodie & Shaw; Pacific Financial Research; PIMCO; Pioneering Management; T. Rowe Price; PRIMECAP; Provident Investment; Putnam Advisory; Roley, Nichols; Rothschild, Unterberg, Towbin International; Rowe-Price Fleming International; Fayez Sarofim; Shafer Capital; Solomon Asset; Sovran Bank; State Street Bank; Treynor-Arbit; Trust Co. of the West; Trustee & Investors; Warburg Pincus; Wentworth, Hauser; Wertheim-Philippe.

The asset mix as of Sept. 30 was 69% stocks, 22% bonds, 8% cash equivalents and 1% real estate equity.

Although GTE did not report how much it has invested internationally, it uses at least nine international managers and has almost 10% of its assets with them. It also invests in real estate, venture capital and oil and gas. It has $200 million in indexed funds.

Mr. Carroll and Mr. Klemm are among the key investment personnel.

Gulf Oil Corp.

($ millions)

Total assets	2,238
Pension	1,960
Profit-sharing	0
Thrift or savings	278
Employer contributions	na
Benefit payments	137

PITTSBURGH — Gulf Oil Corp. increased the amount of assets in its dedicated bond portfolio during 1984 by $30.5 million to $576 million.

Employee benefit assets increased about 9.1% for the year ended Sept. 30, to $2.238 billion from $2.05 billion a year earlier.

The asset mix at Gulf on Sept. 30 was stocks, 38%; bonds, 39%; GICs, 21%; cash, 1%; and other, 1%.

Equity managers: Jennison; Rosenberg Capital; Putnam Advisory; MacKay-Shields; Avatar; Cambiar; Estabrook; Lynch & Mayer; Rollert & Sullivan; Winchester Capital.

Bonds: Mellon Bank and State Street Research & Management.

Real estate: Mellon Capital.

Mellon Bank is master trustee.

C.M. Short, chief financial officer; W.D. McGuinness, assistant treasurer; J.E. Saxer Jr., manager-pension fund investment; and F.L. Daniels, senior associate-pension fund investment, oversee the fund.

h

Halliburton Co.

($ millions)

Total assets	881
Pension	0
Profit-sharing	842
Thrift or savings	39
Employer contributions	46
Benefit payments	39

DUNCAN, Okla. — Employee benefit assets of the Halliburton Company increased by 12% during the year ended Sept. 30, to $881 million from $785 million.

About $842 million is in the company's profit-sharing plan with $39 million in thrift and savings plans, including $17 million in the company's 401(k) plan.

About $141 million is managed internally.

During 1984 Halliburton dropped Vaughan, Nelson & Hargrove as a balanced manager and Forstmann Leff for equities.

Wentworth, Hauser & Violich and INVESCO Capital Management were hired as balanced managers.

Balanced managers: Lehman; InterFirst Investment Management; Wentworth, Hauser; INVESCO.

Bond managers: PIMCO.

The asset mix for the combined profit-sharing and thrift plans was 39% stocks, 30% bonds, 15% cash, 2% mortgages and 14% GICs.

William T. Sheets is plan administrator; Nathaniel H. Duffield is chairman of the profit sharing committee.

John Hancock Mutual Life Insurance Co.

($ millions)

Total assets	873
Pension	737
Profit-sharing	117
Thrift or savings	19
Employer contributions	12
Benefit payments	33

BOSTON — John Hancock's employee benefit assets totaled $873 million as of Sept. 30, an increase of 3% from the $847 million reported the previous year.

Of the total, $737 million were pension assets, $117 million were profit-sharing assets and $19 million were in thrift or savings plan assets.

All of the assets are managed in-house, except for $33 million in profit-sharing assets.

Managers: T. Rowe Price and IDS Advisory (profit sharing).

The insurer has $10 million in venture capital; during 1984, the pension fund was one of 14 funds committing to the insurer's Capital Growth Fund One.

Hancock has $92.6 million in GICs, all invested from profit-sharing and savings assets. It has $75.2 million in real estate investments, but no breakdown between equities and mortgages was available.

Robert Thurrell, general director-corporate benefits, retired during 1984.

Key personnel overseeing investments are Philip Saunders Jr., senior vice president and treasurer, and Page Palmer, director of corporate benefits.

Funds investing overseas

($ millions)

Fund	Assets
United Nations Joint Staff Pension Fund	$1,298
E.I. du Pont de Nemours & Co. Inc.	884
Ford Motor Co.	300
United Air Lines	300
Prudential Insurance Co. of America	269
World Bank	265
AT&T	254
General Electric Co.	243
United Technologies Corp.	221
U.S. Steel and Carnegie Pension Fund	200
Allied Corp.	170
Exxon Corp.	149
Sun Co.	137
Consolidated Edison	122
Monsanto Co.	120
Owens-Illinois Inc.	116
Caterpillar Tractor Co.	112
Florida State Board of Administration	110
Sears, Roebuck & Co.	108
Xerox Corp.	108
American Airlines	103
Bechtel Power Corp.	100
Employees Retirement System of Hawaii	100
Trans World Airlines	100
TRW Inc.	93
Standard Oil Co. (Ind.)	92
Minnesota Mining and Manufacturing Co.	84
Oregon Public Employees Retirement System	78
Aluminum Co. of America	74
Continental Group Inc.	73
FMC Corp.	65
The National Rural Electric Co-op.	60
Motorola Inc.	55
Mobil Oil	50
Travelers Corp.	50
Delta Air Lines Inc.	47
Commonwealth Edison Co.	43
Aetna Life & Casualty	41
Dow Chemical Co.	40
Marine Engineers Benefit Association	40
Martin Marietta Corp.	40
Hercules Inc.	39
Inland Steel Co.	38
Goodyear Tire & Rubber	37
ITT	37
Boeing Co.	36
Florida Power & Light Co.	35
Tennessee Consolidated Retirement System	35
Unocal	35
Teachers' Retirement System of Illinois	33
United Presbyterian Church Pension Board (USA)	32
Merck & Co.	31
Honeywell Inc.	30
Phillips Petroleum Co.	30
Alaska State Retirement Systems	28
J.C. Penney Co.	27
Philip Morris Inc.	25
Conoco inc.	22
Hughes Aircraft Co.	20
Eli Lilly & Co.	18
Ashland Oil Inc.	16
Army and Air Force Exchange Service	15
Dart & Kraft Inc.	15
Eaton Corp.	15
Episcopal Ministers' Church Pension Fund	15
Southern California Edison	15
PPG Industries	14
Southern Co.	12
CIGNA Corp.	10
Chicago Teachers' Retirement Fund	9
General Foods Corp.	7
Pan American World Airways Inc.	7
Municipal Employees Annuity & Benefit Fund of Chicago	6
Raytheon Co.	6
Sperry Corp.	5
Houston Retirement	4
Marathon Oil Co.	3
TOTAL	$7,676

Employees' Retirement System of Hawaii

($ millions)

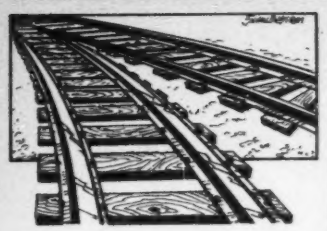
Total assets	2,200*
Pension	2,200
Profit-sharing	0
Thrift or savings	0
Employer contributions	169
Benefit payments	89

*as of June 30, 1984

HONOLULU — The Hawaii Employees' Retirement System shifted $100 million in assets to two closed-end real estate funds and one separate account in the summer of 1984, bringing the fund up to its 5% real estate target allocation.

Metropolitan Life Insurance Co. and Aetna Life & Casualty were picked to run the new closed-end funds, and CIGNA Capital Advisors the direct account.

Total assets of the fund as of June 30 were $2.2 billion, up about 5.3% from the $2.013 billion reported as of Sept. 30, 1983.



The Hawaii retirement system has a diversified asset mix. As of June 30, the mix was 20% stocks, 31% bonds, 11% cash, 1% real estate, 21% mortgages, 4% mortgage-backed securities, 7% GICs and 5% in other investment vehicles.

The system manages $214.8 million internally.

Irving Trust Co. is master custodian.

Equity managers: Bernstein-Macaulay; Delaware; Eagle Management; Loomis, Sayles; Scudder Stevens.

Bond managers: Bernstein-Macaulay; Lehman Management; PIMCO; Security Pacific Investment; Scudder Stevens; Wentworth, Hauser; Fayez Sarofim.

Real estate: Aetna; Equitable; Prudential.

International managers: Daiwa International and Nomura.

Stanley Siu, secretary; David Y. Shimabukuro, assistant secretary; and Howard Loo, chief accountant, are the key personnel overseeing the investment management.

Hercules Inc.

($ millions)

Total assets	965
Pension	840
Profit-sharing	0
Thrift or savings	125
Employer contributions	0
Benefit payments	32

WILMINGTON, Del. — Hercules Inc. made no contributions to its pension plan in 1984 because it was fully funded. Total employee benefit assets decreased slightly during the year ended Sept. 30, to $965 million from $976 million.

Equity managers: Batterymarch; Beutel Goodman; Capital Guardian; Citibank; Cooke & Bieler; General American.

Bond manager: Robert C. Brown.

Real estate managers: Aetna; Equitable; Prudential.

International managers: Fidelity; Morgan Guaranty; Warburg Investment.

GICs: Aetna; Equitable; New York Life; Prudential; Travelers; Union Mutual; New England Life.

Money market fund manager: (for 401(k) plan) Wells Fargo.

Wells Fargo runs a stock-index fund for the company's savings and 401(k) plan.

Hercules has $144 million of pension fund assets in a dedicated bond program.

The approximate asset mix of the company's pension assets as of Sept. 30 was 42% stocks, 19% bonds, 11% real estate, 20% GICs, 7% cash and 1% accruals.

Bankers Trust is master trustee.

John Long, manager-pension trust, and Alexander Searl, assistant treasurer, oversee investment management.

Honeywell Inc.

($ millions)

Total assets	1,285
Pension	1,135
Profit-sharing	0
Thrift or savings	150
Employer contributions	92
Benefit payments	45

MINNEAPOLIS — During 1984, Honeywell Inc. hired its first international managers, beginning with a total commitment of $30 million.

Also, it added another venture capital manager, its 14th, when the corporation contributed its $8 million interest in the New Court Partners pool as part of its $92 million annual contribution to the pension fund. The contribution of the New Court Partners interest received Department of Labor approval, the company said. The other $84 million was in cash.

The pension fund added three domestic fixed-income managers, Bridge Capital, Forstmann Little and a John Hancock Mutual debt pool specializing in small and medium-sized growth companies.

The fund dropped one real estate manager, Equitable Life Assurance.

Also, it is winding down a fixed-income account with Bankers Trust, now at $500,000.

It also dropped an options overwrite program Analytic Investment Management ran for about three years.

The fund, however, continues to use stock-index futures through Leland O'Brien Rubenstein Associates.

Also, a bond manager, Fischer Francis Trees & Watts, has used fixed-income futures for the fund.

In 1984, the fund added a $65 million dedicated bond portfolio, yielding 13.5%. Altogether, it now has $330 million in dedicated bond portfolios, all set up and managed by Fischer Francis Trees & Watts.

The fund's asset mix was 47% domestic equities, 3% international equities, 35% bonds, 10% real estate equity, 2.5% venture capital and 2.5% oil and gas.

The master trustee is Chase Manhattan Bank.

Equity managers: Abel Noser; Alliance Capital; Batterymarch; Dawson-Henry; Forstmann-Leff; GAMCO; Herbert R. Smith; Jundt/Capen Associates; RCB Special Group Trust, Siebel Capital; TCW Asset Management.

Bond managers: Fischer Francis; Bridge Capital; Forstmann Little; John Hancock; Bankers Trust.

GICs: Metropolitan Life.

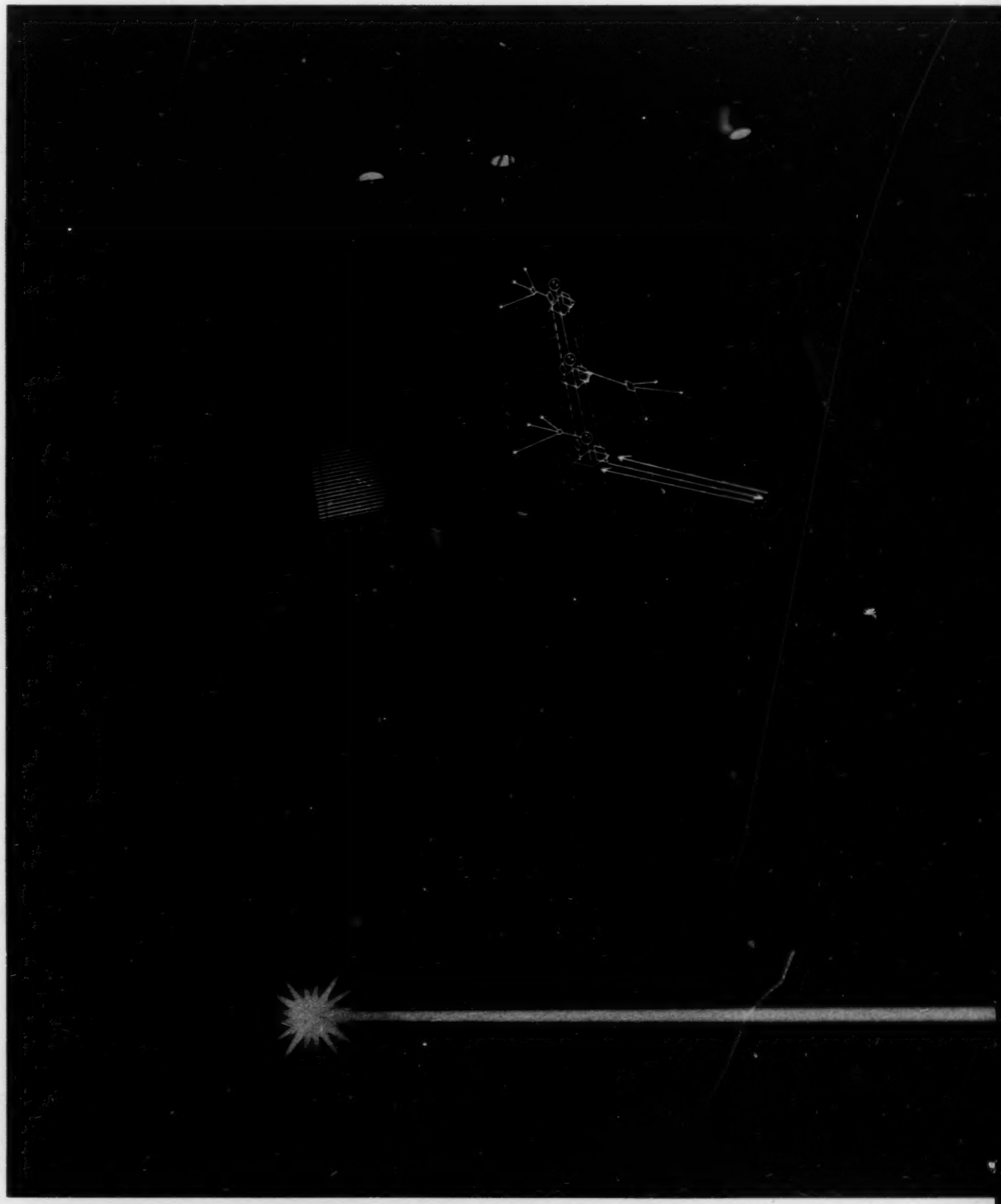
International equity managers: Mellon Pictet; Baring International; IDS Gartmore.

Real estate managers: Coldwell Banker; John Hancock; Landauer Associates; John McMahan; State Street Bank; Trust Company of the West.

Venture capital managers: Ventech Partners; New Court Partners; T.A. Associates Advent V; Arscott Norton & Associates II; Associated Venture Investors; Centennial Fund; Concord Partners; Dougery Jones & Wilder; Forstmann-Little; Investech; Morgan Holland; Narragansett First Fund; Robertson Coleman Stephens & Woodman RCWS II; Welsh Carson Anderson & Stowe WCAS III.

Oil and gas managers: First Reserve; TCW.

Robert T. Mall is vice president, pension investments, and Deborah W. Veverka is manager, financial planning and control.



Houston Retirement

($ millions)	
Total assets	774
Pension	774
Profit-sharing	0
Thrift or savings	0
Employer contributions	58
Benefit payments	33

HOUSTON — The Houston Retirement System had employee benefit assets of $774 million as of Sept. 30, an increase of 9.8% from the $705 million reported a year ago.

Asset mix was 45% stocks, 34% bonds, 20% cash and 1% mortgages.

Houston expanded its stable of managers in 1984 by hiring Lexington Management; Gulf Investment Management; American Capital Advisors; Batterymarch; and Barrow, Hanley, Mewhinney & Strauss for equities and Wentworth Hauser; Loomis, Sayles and MacKay-Shields for bonds.

Balanced managers: Texas Commerce Bank; First City Bank; Eagle Management; Vaughan Nelson.

Equity managers: Lexington Management; Gulf Investment; American Capital; Barrow, Hanley.

Bond managers: Wentworth, Hauser; Loomis, Sayles; MacKay-Shields.

Real estate: Eagle Realty and JMB Institutional.

William Brown Jr. is city treasurer. Jean Umberson is pension plans administrator.

Hughes Aircraft Co.

($ millions)	
Total assets	2,722*
Pension	2,024
Profit-sharing	0
Thrift or savings	698
Employer contributions	na
Benefit payments	na

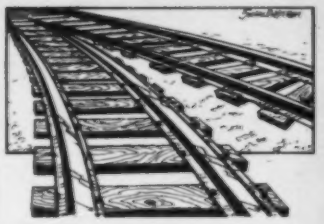
*as of June 30, 1984

CULVER CITY, Calif. — W. Allen Reed has been named vice president-investment management for Hughes Aircraft, succeeding Gary Helms, who left in May to reenter the field of money management.

Mr. Reed had been a portfolio manager with Allen & Associates Investment Management Inc. in Atlanta.

Hughes had $2.277 billion in employee benefit assets at the end of June 1984, according to the 1985 Money Market Directory.

Managers: Pension plan — Alliance Capital; Capital Guardian; Coldwell Banker; Dillon, Read; Eberstadt; Forstmann-Leff; Frontier Capital Management; G.T. Capital; Hagler, Mastrovita; Jennison Associates; MacKay-Shields; McKenzie, Walker Investment; Neuberger & Berman; T. Rowe Price; Putnam Advisory; Putnam Fixed Income; Reich & Tang; Rollert & Sullivan; Rosenberg Capital



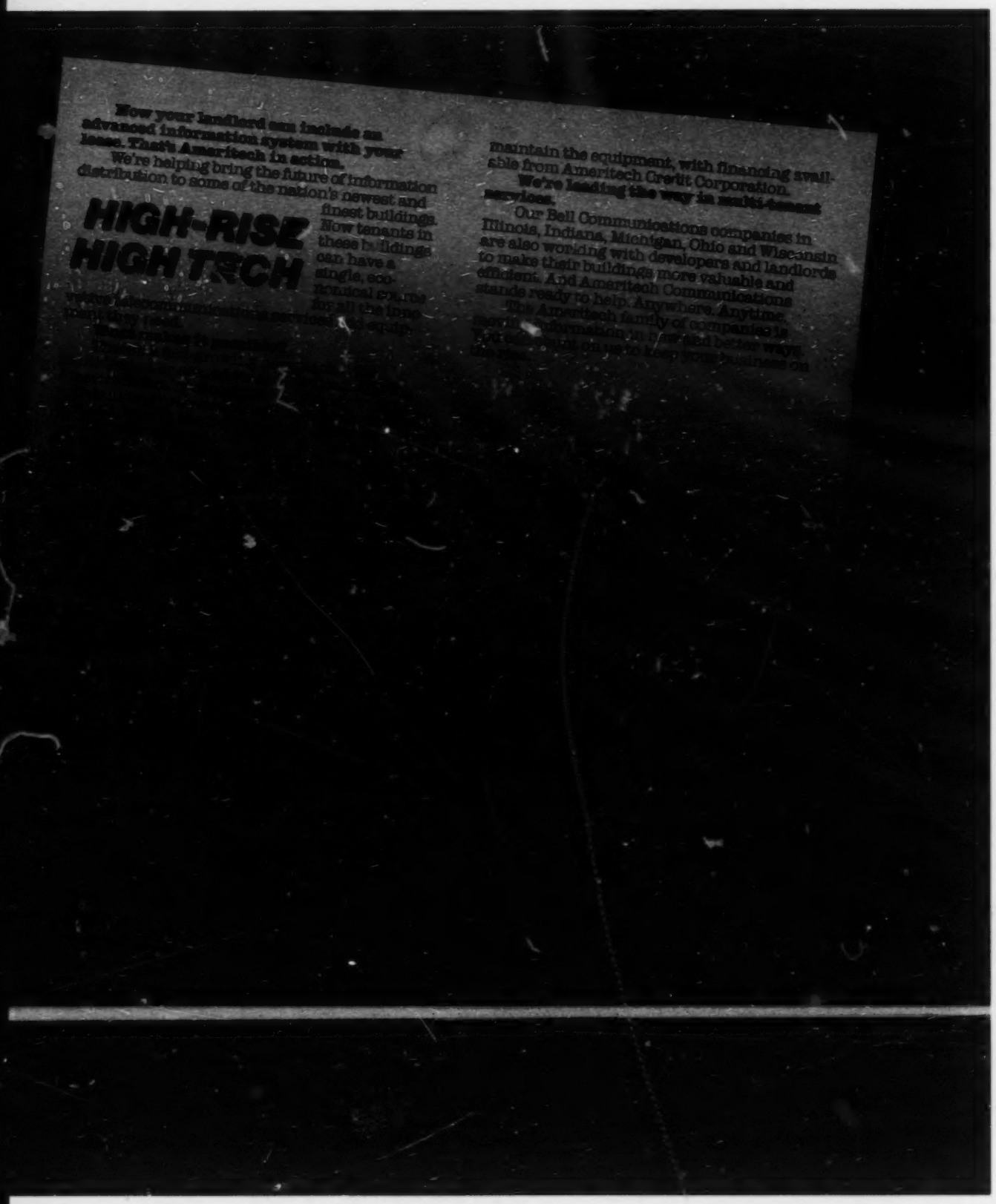
Management; and RREEF. Savings plan — Alliance; Jennison; McKenzie, Walker; Rosenberg Capital; Scudder, Stevens & Clark; and TCW Asset Management. All of these were identified through the Money Market Directory.

Hughes also manages some benefit assets in-house, but did not disclose the amounts.

According to the Money Market Directory, the asset mix for the pension assets as of June 30 was 59% stocks, 4% bonds, 18% cash equivalents, 7% real estate equity, 1% oil and gas, 4% venture capital, 1% international and 6% general insurance investments.

Master trustee for the plan is Bankers Trust.

Overseeing fund investment along with Mr. Reed is Thomas V. Keene, senior vice president-finance.



I.A.M. National Pension Fund

($ millions)	
Total assets	800
Pension	800
Profit-sharing	0
Thrift or savings	0
Employer contributions	73
Benefit payments	61

WASHINGTON — In 1984, the Department of Labor filed suit against the president of I.A.M. and investment counselor Sidney A. King for violation of the Employee Retirement Income Security Act.

Assets in the fund increased 3.9% to $800 million as of Sept. 30, from $770 million a year earlier.

Asset mix of the fund is 40% stocks, 37% bonds, 18% cash equivalents, and 5% real estate equity.

Equity managers: PIMCO; Dodge and Cox; L.F. Rothschild, Unterberg, Towbin; Lazard Freres.

Bond managers: PIMCO; Dodge and Cox; L.F. Rothschild, Unterberg, Towbin.

Master trustee for the fund is State Street Bank and Trust Co.

Alan W. Skolnick is fund director.

Illinois Municipal Retirement Fund

($ millions)	
Total assets	1,932
Pension	1,932
Profit-sharing	0
Thrift or savings	0
Employer contributions	105
Benefit payments	96

CHICAGO — The Illinois Municipal Retirement Fund hired four new equity managers in 1984 including American National Bank; Batterymarch; Dimensional Fund Advisors and Fidelity Management Trust.

Assets for the year ended Sept. 30, increased 8.8% to $1,932 million from $1,775 million. The asset mix of the fund as of Sept. 30 was 35% stocks, 37% bonds, 13% cash equivalents, 14% mortgage backed securities and 1% convertible debentures.

Equity managers: American National Bank; Batterymarch; Dillon Read; Dimensional Fund Advisors; Fidelity Management; MacKay-Shields.

Bond managers: Criterion; Manufacturers Hanover Invest-

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Master trustee for the fund is Continental Illinois Bank.

Key personnel for the fund include Marvin Lapicola, president; Robert L. Cuema, executive director; and Hiro Mori, investment manager.

Illinois State Board of Investment

($ millions)

Total assets	1,630
Pension	1,630
Profit-sharing	0
Thrift or savings	0
Employer contributions	20
Benefit payments	na

CHICAGO — In 1984, the Illinois State Board of Investment placed $11 million with three new venture capital funds. Menlo Ventures III was given $3 million to manage; Frontenac Venture Fund IV, $3 million; and Thoma Cressey Fund II, $5 million.

Pension assets increased 4.8% during the year ended Sept. 30, to $1.63 billion from $1.55 billion.

Asset mix for the fund is 45.6% stocks, 36.3% bonds, 5.3% cash equivalents, 5.3% real estate equity, 2.3% mortgages, 3% mortgage backed securities, 0.5% GICs and 1.7% other. The fund manages $1.5 billion internally.

Master trustee is Northern Trust.

Real estate managers: Aetna; FNB Chicago; HAC Group Trust; and JMB.

Venture capital managers: Golder Thoma; Frontenac; and Menlo Ventures.

Key personnel include Robert J. Harmon, director; Larry G. Darlington, portfolio manager for fixed income; and Nancy L. Folstad, portfolio manager for equities.

Illinois Teachers' Retirement System

($ millions)

Total assets	3,788
Pension	3,788
Profit-sharing	0
Thrift or savings	0
Employer contributions	214
Benefit payments	315

SPRINGFIELD, Ill. — The Teachers' Retirement System of the State of Illinois hired additional equity and real estate managers and ventured into venture capital in 1984.

The system hired Alliance Capital Management as one of its core equity managers, to manage more than $100 million. TCW Realty Advisers was hired to manage somewhat less than $25 million in real estate. No managers were dropped.

The system also entered into a limited partnership with Frontenac Co. for a $10 million venture capital investment.

The system's pension assets stood at $3.78 billion Sept. 30, up 5% from the $3.6 billion it had a year earlier.

Employer contribution to the system increased 48%, to $214 million Sept. 30 from $144 million Sept. 30, 1983, as the state's financial condition improved, said Samuel W. Anderson, executive director.

The system has $33 million in international investments and $33 million in real estate. It has no investments in mortgages or oil and gas. It uses fixed income futures as a hedging device.

Equity managers: Alliance; Batterymarch; CMB Investment Counselors; Criterion; Kemper.

Bond managers: Dreyfus; MacKay-Shields; PIMCO; T. Rowe Price; Marine Bank of Springfield.

Real estate managers: TCW and First Chicago.

Venture capital manager: Frontenac.

The asset mix is 34.4% equities, 31.3% bonds, 26.5% cash equivalents, 0.9% real estate equity and 6.9% mortgages.

Harris Trust and Savings Bank is master trustee.

Key personnel overseeing the system's investment management are Mr. Anderson and Charles F. Hofer, investment officer.

Illinois State Universities' Retirement System

($ millions)

Total assets	1,581
Pension	1,581
Profit-sharing	0
Thrift or savings	0
Employer contributions	75
Benefit payments	110

CHAMPAIGN, Ill.— The Illinois State Universities' Retirement System moved $110 million to American National Bank, Chicago, tripling its commitment to stock index funds. The money was allocated from an account run by Alliance Capital Management, leaving it with $100 million. In addition, the fund had $36 million invested

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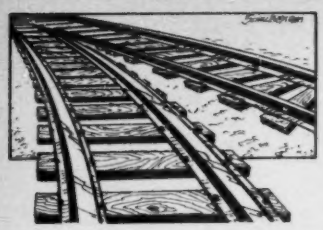

Funds using futures

Stock index
Aluminum Co. of America
Ameritech
Atlantic Richfield Co.
Bechtel Power Corp.
Chevron Corp.
Commonwealth Edison Co.
Dow Chemical Co.
E.I. du Pont de Nemours & Co. Inc.
Eaton Corp.

Fixed income
Alaska State Retirement Systems
Aluminum Co. of America
Ameritech
Ashland Oil Inc.
Atlantic Richfield Co.
Bechtel Power Corp.
Chevron Corp.
Conoco Inc.
Dow Chemical Co.
E.I. du Pont de Nemours & Co. Inc.
Episcopal Ministers' Pension Fund
Ford Motor Co.
Gulf Oil Corp.
Honeywell Inc.
Illinois Teachers'
Illinois State Universities
IBM Corp.
Kansas Public Employees
3M
Monsanto Co.
Ohio Teachers Retirement System
Owens-Illinois Inc.
RCA Corp.
R.J. Reynolds Industries
Southern California Edison
Standard Oil Co. (Ind.)
Sun Co.
Union Carbide Corp.
United Mine Workers of America
Westinghouse Electric Corp.
West Virginia Board

with Dimensional Fund Advisors, in an index equity fund of small-capitalization stocks.

Also in 1984, the state universities' system hired Northern Trust as master custodian. The fund also finalized plans to commit $180 million from cash flow during the next three years with the RREEF funds.

As of Sept. 30, 1984, employee benefit assets — all pension assets — increased 5% to more than $1.58 billion from $1.5 billion in 1983.

Equity managers: American National Bank; Alliance; Fayez Sarofim; Dimensional Fund Advisors; Batterymarch.

Bond managers: PIMCO and Lehman Management.

Balanced managers: Criterion.

Real estate managers: RREEF.

The asset mix was 45.8% stocks, 32.5% bonds, 17.9% cash equivalents, 3.4% real estate equity and 0.4% convertible securities.

Illinois Universities has about $138 million indexed, $16 million invested in GICs and $20 million invested in real estate equity.

The Northern Trust, Chicago, is master custodian.

Charles M. Hundley, associate director, oversees investment management of the fund.

Indiana Public Employees' Retirement Fund

($ millions)

Total assets	1,338
Pension	1,338
Profit-sharing	0
Thrift or savings	0
Employer contributions	85
Benefit payments	70

INDIANAPOLIS — Assets of the Indiana Public Employees' Retirement Fund increased 15% during the year ended Sept. 30, to $1.33 billion from $1.16 billion.

As of Sept. 30, its asset mix was 82% bonds, 17% cash equivalents, and 1% mortgage backed securities.

Bond managers: American Fletcher National Bank; Indiana National Bank; Lehman Management; T. Rowe Price.

Philip Barnes, manager investment department, oversees the investment of the fund.

Indiana State Teachers' Retirement Fund

($ millions)

Total assets	773*
Pension	773
Profit-sharing	0
Thrift or savings	0
Employer contributions	134
Benefit payments	134

*as of June 30, 1984.

INDIANAPOLIS — Assets of the Indiana State Teachers' Retirement Fund increased 6.3% during the year ended June 30, to $773 million from $727 million.

Asset mix was 84% bonds, 1% cash equivalents, 13% mortgage-backed securities and 2% guaranteed investment contracts. State statute probibits equity investments.

Indiana National Bank is custodian.

Bond managers: Alliance; Bank of New York, American Fletcher National Bank; Indiana National Bank; Baxter & Hoops.

Edmond G. Niehoff is assistant executive secretary.

Inland Steel Co.

($ millions)

Total assets	1,217
Pension	1,028
Profit-sharing	0
Thrift or savings	189
Employer contributions	70
Benefit payments	77

CHICAGO — Total employee benefit assets at Inland Steel Co. increased 4.3% during the year ended Sept. 30, to $1.217 billion from $1.167 billion.

Contributions to the fund of $70 million were $8 million lower than last year, while benefits of $77 million were just $1 million more than in 1983.

The fund dropped equity manager Endowment Management & Research.

Equity managers: American National Bank of Chicago; Sanford C. Bernstein; Dimensional Fund Advisors; Equitable; FNB Chicago; INVESCO; Oppenheimer Capital; Putnam; State Street Research; Waddell & Reed.

Bond manager: Lincoln Income group.

Real estate managers: Equitable; First Chicago; JMB; Prudential.

International manager: Baring Brothers.

Venture capital manager: FNB Chicago.

The approximate asset mix was 47% equities, 14% bonds, 16% cash equivalents, 7% real estate equity, 7% mortgage-backed securities and 9% GICs.

FNB Chicago is master trustee.

Key personnel are J.E. Dittus, treasurer, and R.J. Schutter, manager of pension investment.

International Business Machines Corp.

($ millions)

Total assets	10,918
Pension	10,918
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

STAMFORD, Conn. — The pension assets of IBM Corp. grew 7.9% in the year ended Sept. 30, to $10.918 billion from $10.118 billion.

Besides stocks and bonds, the fund uses almost the full range of investment vehicles — real estate, international, venture capital, stock and bond options and stock index and fixed-income futures.

During the year, at least five new equity managers were added: Franklin Portfolio Associates; John Hancock Venture Capital Management; Lombard-Odier International; Solomon Asset Management; and TCW Asset Management.

Other equity managers: Bankers Trust; Capital Guardian; Citibank; Cole, Yeager & Wood; Delaware Investment Advisers; Dimensional Fund Advisers; G.T. Capital Management; Fidelity International; Hathaway Associates; Lord, Abbett; Morgan Guaranty; PM Portfolio Management; Rowe Price-Fleming International; State Street Research; State Street Bank; T. Rowe Price; Treynor-Arbit; Wellington Management.

Bond managers: Jennison Associaties; Fisher, Francis, Trees & Watts.

Real estate managers: Prudential; RREEF; Equitable.

IBM manages $4 billion internally divided between equities and fixed income. Its master trustee is Chase Manhattan Bank.

B.E. Langton, assistant treasurer; W.V. Hoyt, director, investment strategy; and R.E. Shultz, director of U.S. retirement funds oversee the investment of the assets.

International Harvester Co.

($ millions)

Total assets	1,227
Pension	1,200
Profit-sharing	0
Thrift or savings	27
Employer contributions	117
Benefit payments	200

CHICAGO — For International Harvester Co.'s pension fund, 1984 marked the first major changes — and to some degree, a new dynamism — since the dedication of nearly all of its pension assets three years ago.

IH resumed its annual corporate contributions, contributing $117 million, after having deferred most of its contributions in 1982 and 1983.

In addition, IH said its dedicated portfolio, set up in 1982 with around $1 billion, throws off more cash than the $200 million a year the company needs to pay benefits.

During the year, the fund hired its first equity manager — Michael B. O'Higgins & Co. — since firing its 11 managers and selling off the stocks to buy bonds for the dedication. It started O'Higgins with $5 million, then made another allocation later.

Also, IH sold its farm equipment unit to a unit of Tenneco Inc., making a small dent in its $827 million in unfunded pension liabilities by transferring about $75 million in unfunded pension liabilities.

IH reported pension assets of $1.2 billion as of Sept. 30, about the same as the 1.16 billion as of Jan. 1, 1983.

In addition, it has $27 million in an employee savings plan that it is winding down. The company no longer contributes to the savings plan, and officials said most of those assets are being distributed to beneficiaries. Ultimately, the company said the savings plan might retain about $5 million.

Its pension asset mix was about $913 million in the dedicated portfolio consisting mostly of bonds and about $100 million in a Prudential Insurance Co. real estate pool and $100 million in guaranteed investment contracts.

Outside the dedication, it has the equities run by O'Higgins and the remaining equities, now run in-house, not sold off for the dedication.

In addition, it has some direct real estate investments managed in-house.

Its master trustee is Bankers Trust.

Bond manager: Jennison.

Real estate manager: Prudential.

GIC managers: Aetna; Association Life; Connecticut General; Equitable; John Hancock.

The key personnel are James C. Cotting, vice chairman and chief financial officer; Robert C. Lannert, treasurer; and Ashok S. Shende, manager, pension planning.

Funds using options

Bond options
Ameritech
Conoco Inc.
E.I. du Pont de Nemours & Co. Inc.
IBM Corp.
Los Angeles City Employees
3M
Monsanto Co.
Southern California Edison
Sun Co.
Tennessee Consolidated
Texas Instruments
Union Carbide Corp.
Westinghouse Electric Corp.

Stock options
Retirement Systems of Alabama
Allied Corp.
Aluminum Co. of America
American Airlines
Ameritech
Army and Air Force Exchange
Ashland Oil Inc.
Atlantic Richfield Co.
Caterpillar Tractor Co.
Municipal Employees of Chicago
Dart & Kraft Inc.
Dow Chemical Co.
Eastman Kodak
Exxon Corp.
Florida State Board
General Electric Co.
Grumman Corp.
Illinois State Board of Investment
Inland Steel Co.
IBM Corp.
Kansas Public Employees
Los Angeles City Employees
Marine Engineers
3M
Minnesota State Board
Monsanto Co.
New Jersey Division of Investment
New York State Teachers
North Carolina Retirement System
Ohio School Employees
Ohio Teachers Retirement System
Oregon Public Employees
Pennsylvania Public School
Pennsylvania State Employees
Sears, Roebuck & Co.
Shell Oil Co.
Southern California Edison
Southern New England Telephone
Sperry Corp
Sun Co.
Tennessee Consolidated
Texas Instruments
Union Carbide Corp.
Utah State Retirement Fund
Westinghouse Electric Corp.
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MEMBER NASD MEMBER SIPC

International Paper Co.

($ millions)

Total assets	1,014*
Pension	975
Profit-sharing	25
Thrift or savings	14
Employer contributions	20
Benefit payments	na

*as of June 30, 1984

NEW YORK — International Paper Co.'s employee benefit assets totaled $1.014 billion as of June 30, according to the 1985 Money Market Directory. The consolidated employee retirement plan totaled $975 million, an employee stock ownership plan held roughly $25 million and a foundation fund held $14 million.

The company also had a 401(k) plan, which totaled $156 million.

Employer contribution as of Dec. 31, 1983, was $20 million, according to the company annual report. The benefits payment for the year is not known, but a change in the actuarial method of valuing plan assets resulted in a decrease of $8 million in 1983 pension expense.

Equity managers: Bankers Trust; Capital Guardian; Endowment Management & Research; Investors Research; Fayez Sarofim; State Street Bank.

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Dennis E. Larkin
Vice President
(303) 293-5588

Equity ■ Balanced ■ Fixed Portfolios

Bond managers: Bankers Trust; J.P. Morgan; State Street Research.

Real estate managers: Aldrich, Eastman & Waltch; Citicorp; Equitable; LaSalle Street Fund; Prudential Asset Management; and RREEF.

A portion of assets is invested internationally.

Rowe Price-Fleming manages a separate account for the fund and J.P. Morgan manages international pooled funds for the fund. Amounts are not known.

Custodian for the stock ownership plan and the 401(k) is Chemical Bank. State Street is custodian for the foundation fund, and State Street Bank is master trustee for the pension plan.

Charles T. Henry is manager of trust investments.

Iowa Public Employees Retirement System

($ millions)

Total assets	2,173
Pension	2,173
Profit-sharing	0
Thrift or savings	0
Employer contributions	110
Benefit payments	100

DES MOINES, Iowa — The Iowa Public Employees Retirement System is undergoing a restructuring, evaluating its asset mix with the idea of hiring additional money managers.

Wilshire Associates is consultant for the restructuring.

The fund's assets grew 9.8% during the year ended Sept. 30, to $2.173 billion from $1.979 billion in 1983.

The asset mix was 61% bonds, 17% stocks, 11% in cash equivalents and 11% in mortgage backed-securities.

Equity managers: Alliance and Capital Guardian.

Bond manager: The Boston Co.

Morgan Guaranty is correspondent bank.

Larry Thompson, investment officer, and Maurice Baringer, administrator, oversee investments.

International Telephone & Telegraph Corp.

($ millions)

Total assets	1,683*
Pension	1,179
Profit-sharing	25
Thrift or savings	479
Employer contributions	70
Benefit payments	na

*as of June 30, 1983

NEW YORK — Total employee benefit assets at ITT Corp. dropped slightly — by $9 million — during the year ended June 30, to $1.683 billion from $1.692 billion a year ago.

Pension fund assets rose by $5 million to $1.174 billion.

ITT hired Lazard Freres for international during 1984, bringing its total international exposure to about $37 million.

ITT runs about $265 million of its employee benefit assets in-house.

Equity managers: Barrow, Hanley, Mewhinney & Strauss; Glickenhaus; Jennison; Manufacturers Hanover Trust; Verus Capital.

Balanced managers: Alliance; Crocker Investment, J.P. Morgan; T. Rowe Price.

Real estate managers: Coldwell Banker; Equitable; Metropolitan; RREEF; Corporate Property Investors.

GICs: Aetna; Massachusetts Mutual; Metropolitan.

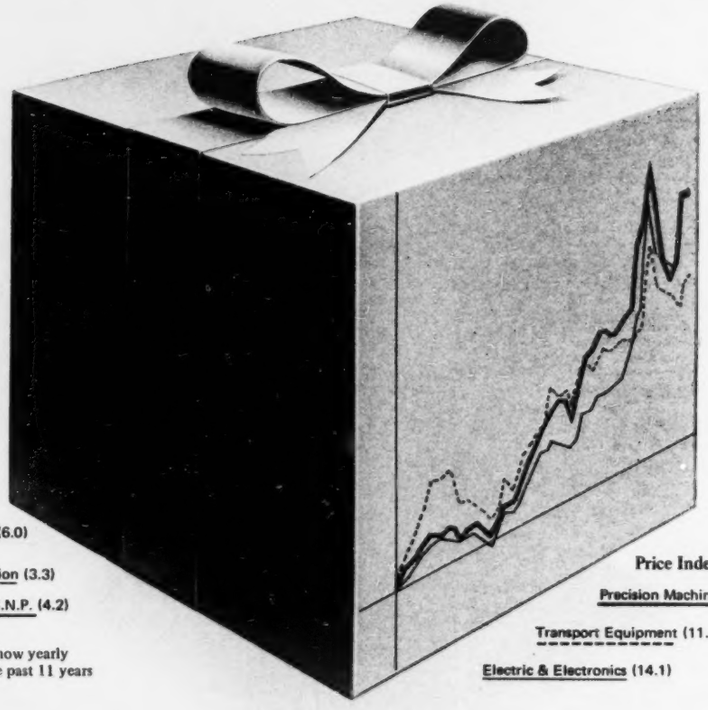
International managers: Alliance; Capital Guardian; G.T. Capital; Lazard Freres; Morgan Grenfell.

The approximate asset mix was 52% in stocks, 28% in bonds, 12% in cash equivalents and 8% in real estate.

Northern Trust is the master trustee.

Key personnel are Edwin J. Ehrlich, director-pension fund trust, and Pamela Messmore, manager-pension fund trust.

THE JAPAN PACKAGE



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K mart Corp.

($ millions)

Total assets	780
Pension	600
Profit-sharing	0
Thrift or savings	180
Employer contributions	43
Benefit payments	15

TROY, Mich. — K mart Corp. made three moves in 1984 in an attempt to lock in gains in the equity market.

The fund placed $60 million in three commingled real estate funds for its first allotment to real estate equity. The three funds, each receiving $20 million, were Smith,

Barney; JMB Institutional; and Equitec Institutional.

The fund also purchased $60 million in GICs with New York Life.

K mart hired Midwest Investment Advisory Services and Avatar Associates, both market timers, to run $15 million each.

The fund increased its assets 39% during the year ended Sept. 30, to $780 million from $560 million a year earlier.

Equity managers: Midwest Investment Advisory; Alliance; State Street Research; T. Rowe Price; Dimensional Fund Advisors; Avatar Associates.

Real estate managers: Security Capital; Equitec; JMB.

GICs: New York Life.

National Bank of Detroit is master trustee for the plan.

Key personnel in overseeing the fund are Helen Lefler, treasurer; John Steinbach, assistant treasurer-investment management; and Robert Brewer, executive vice president-finance.

Kansas Public Employees Retirement System

($ millions)

Total assets	1,870
Pension	1,870
Profit-sharing	0
Thrift or savings	0
Employer contributions	102
Benefit payments	77

TOPEKA, Kan. — Early in 1984, the Kansas Public Employees Retirement System replaced its $50 million Standard & Poor's 500 index fund, run by Bankers Trust, with two aggressive equity managers. It allocated $100 million to Pilgrim, Baxter, Hoyt & Greig, and an initial $20 million to Provident Investment Counsel.

In July, the system committed $200 million to buy securities backed by adjustable rate mortgages originating in Kansas.

As of Sept. 30, pension assets increased 5.2% to $1.87 billion from $1.77 billion a year ago.

Equity managers: Capital Supervisors; Investment & Capital Management; Pilgrim, Baxter Hoyt & Greig; Provident; Reimer & Koger.

Bond managers: Robert C. Brown; Investment Management Group; PIMCO; and Reimer & Koger.

Balanced managers: Reimer & Koger.

The pension asset mix was 36.6% stocks, 25.1% bonds, 29% cash equivalents and 8.8% mortgage-backed securities.

The fund has about $11 million invested in real estate equity.

Commerce Bank & Trust, Topeka, is master custodian.

Key investment personnel are Virgil Basgall, chairman of the board of trustees; Marshall Crowther, executive secretary; and Ron Bleidissel, chief accountant.

Kentucky Retirement Systems

($ millions)

Total assets	1,356
Pension	1,356
Profit-sharing	0
Thrift or savings	0
Employer contributions	77
Benefit payments	51

FRANKFORT, Ky. — During the past year, the Kentucky Retirement Systems hired its first real estate adviser, Heitman Advisory Corp., and invested one-fifth of the projected 5% target the fund has set aside for property.

Total assets grew by 11.8%. Employer contributions grew 2.7% and payments to beneficiaries grew 6.3%. Assets managed in-house grew by 53% to $344 million: $125 million in equities and $219 million in short-term instruments. The fund has $125 million in indexed stocks.

Equity manager: Capital Supervisors.

Bond managers: Capital Supervisors; Loomis, Sayles.

Real estate manager: Heitman.

The approximate asset mix was 35% stocks, 34% bonds, 16% cash equivalents, 1% real estate equity and 14% mortgage-backed securities.

Farmers Bank & Capital Trust is the custodian.

Bobby J. McKee is the investment officer.

Kentucky Teachers' Retirement System

($ millions)

Total assets	1,485
Pension	1,485
Profit-sharing	0
Thrift or savings	0
Employer contributions	128
Benefit payments	140

FRANKFORT, Ky. — As of Sept. 30, the Kentucky Teachers' Retirement System's pension assets increased 12% to $1.485 billion from $1.325 billion in 1983.

Equity managers: Todd Investment Advisors; Alliance Capital.

Bond managers: Todd Investment Advisors; Alliance Capital.

The pension asset mix is 18% stocks, 58% bonds, 12% cash equivalents, 1% real estate equity, 6% mortgages and 5% mortgage-backed securities.

The Kentucky Teachers' system runs about $118 million in-house, with $100 million in fixed income and $18 million in real estate. Additionally, the fund has about $91 million invested in mortgages.

Farmers' Bank and Capital Trust, Frankfort, is master custodian.

The key investment personnel are Pat N. Miller, executive secretary, and Stuart A. Reagan, investment officer.

March 4: Directory of treasury microcomputer products.

1

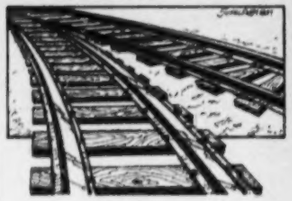
Eli Lilly & Co.

($ millions)

Total assets	902
Pension	594
Profit-sharing	0
Thrift or savings	308
Employer contributions	46
Benefit payments	30

INDIANAPOLIS — J. Michael Maurogordato will be joining Eli Lilly Jan. 1 as manager-employee benefit funds as part of a staff expansion. B.J. Miller became director of investments, and R.B. Graper remains as assistant treasurer.

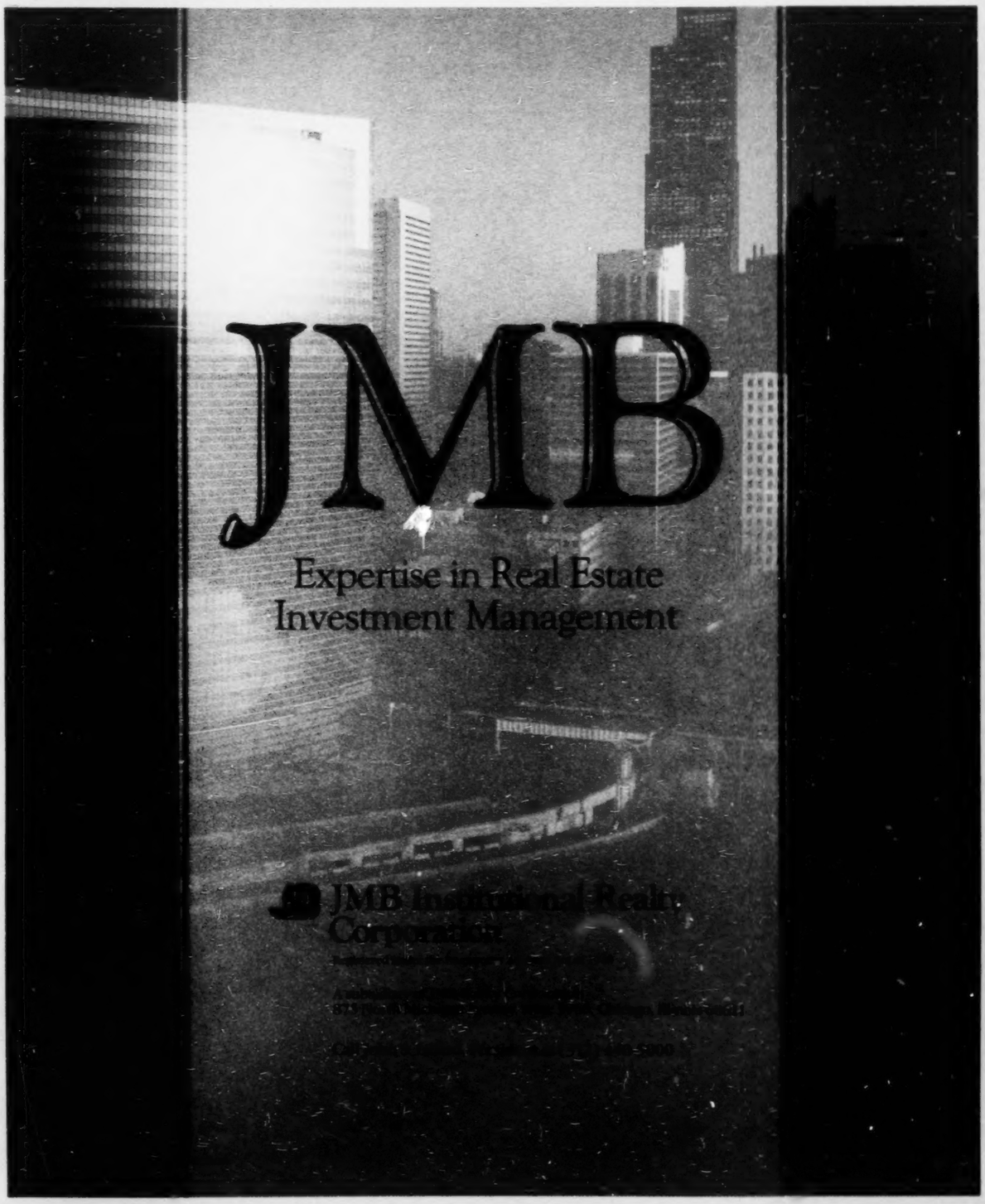
Total benefit assets of Eli Lilly as of Sept. 30 were $902 million, of which $594 million was in pension assets and $308 million in thrift or



savings plan. This is an increase of 13% from the $800 million reported for 1983.

Lilly's 1984 pension contribution was an estimated $46 million, a decrease Mr. Miller attributed, in part, to the fund's dedicated bond portfolio. Benefit payments rose slightly, to $30 million from $28 million.

Equity managers: Batterymarch; Capital Guardian; Trustee & Investor; W.H. Reaves; United Capital Management; Reams Asset Management; Trust Co. of the West; Nicholas Applegate.



Bond manager: American Fletcher Bank.

International managers: Nomura and Nikko.

The asset allocation of the fund as of Sept. 30 was 65% stocks, 9% bonds, 7% cash, 5% real estate equity, 10% GICs, 3% international and 1% venture capital.

The fund has $110 million in two dedicated bond funds and $52 million in GICs. Its $18 million international investment is all in equities.

Northern Trust is master trustee.

Messrs. Maurogordato, Miller and Graper are the key investment personnel.

Lockheed Corp.

($ millions)	
Total assets	4,102
Pension	2,959
Profit-sharing	1,143
Thrift or savings	0
Employer contributions	na
Benefit payments	na

BURBANK, Calif. — The Lockheed Corp. hired two new managers in 1984, Century Capital Associates as an equity manager and Capital Guardian Trust Co. as a domestic and global equity manager. Both were hired for the defined benefit plan.

Total assets for the corporations employee benefit funds increased about 7.7% during the year ended Sept. 30, growing to $4.102 billion from $3.810 billion.

Defined benefit plan managers: Alliance; Anhalt/O'Connell; Bankers Trust; Batterymarch; Bernstein-Macaulay; Capital Guardian; Century Capital; Chase Investors; Citibank; Delaware Investment; First Interstate Bank of California; First Interstate Bank of Washington; Forstmann-Leff; Lombard Odier International; Mellon Bank; Morgan Guaranty; Royal Trust Co.; Security Pacific Investment Managers; Smith Barney; TCW Asset Management; Western Asset Management.

Defined contribution plan managers: Bankers Trust; Delaware Investment; Forstmann-Leff; Manufacturers Hanover; Fayez Sarofim; TCW; Wertheim.

Bankers Trust Co. is the master trustee.

George C. Weintz is investment counsel for the firm.

Los Angeles City Employees' Retirement System

($ millions)	
Total assets	1,061
Pension	1,061
Profit-sharing	0
Thrift or savings	0
Employer contributions	103
Benefit payments	89

LOS ANGELES — The Los Angeles City Employees' Retirement System added six new equity managers in 1984 as the city system sought a further diversification of investment styles. New managers are Alliance Capital, Investment Advisers Inc., M.D. Sass, Nicholas B. Kronwall, Provident Capital and Security Pacific Investment Management.

However, the system ended the third quarter of 1984 with the same percentage of assets in equities as 12 months before: 28%. Also, in 1984, Jerry F. Bardwell was named manager-secretary for the system.

Total assets for the system declined about 4% to $1.061 billion for the 12 months ended Sept. 30.

Other equity managers: Bankers Trust and Loomis, Sayles.

Bond managers: Loomis, Sayles and Favia, Hill.

About $129 million is managed internally — $301 million in equities, $631 million in fixed income and $129 million short-term.

The asset mix as of Sept. 30 was 38% stocks, the system had 62% bonds and 10% in cash equivalents. The system uses stock and bond options. Irving Trust Co. is the master custodian.

Besides Mr. Bardwell, a key person in charge of the fund is Oscar Peters, assistant manager.

Los Angeles County Employees' Retirement Association

($ millions)	
Total assets	4,394
Pension	4,394
Profit-sharing	0
Thrift or savings	0
Employer contributions	303
Benefit payments	303

LOS ANGELES — The Los Angeles County Employees' Retirement Association added three bond and three equity managers in 1984. Bond managers chosen to manage a formerly in-house $1.3 billion bond fund were: Morgan Guaranty Trust Co.; Criterion Investment Management; and Massachusetts Financial Services.

Three new equity managers added, given about $100 million each, were: Pacific Investment Management Corp.; Stein Roe & Farnham; and Loomis, Sayles & Co.

The book value of pension assets increased 10%, to $4.394 billion from $4 billion for the 12-month period ended Sept. 30.

Equity managers: Capital Guardian; Loomis, Sayles; PIMCO; Security Pacific Investment Managers; Stein Roe & Farnham.

Bond managers: Brown Brothers Harriman; Capital Guardian; CMB Investment Counselors; Criterion; Massachusetts Financial; Morgan Guaranty; J.P. Morgan.

The fund has about $10.3 million in equity real estate and another $250 million in mortgages. Its asset allocation as of Sept. 30, was 25% stocks, 53% bonds, 11.4% cash equivalents, 0.2% real estate equity; and 10.4% mortgages.

Security Pacific National Bank is the custodian.

Key persons overseeing the assets of the fund are Richard B. Dixon, Los Angeles County treasurer/tax collector, and Betty Brewer, division chief for portfolio management.

Los Angeles City Fire & Police Pension System

($ millions)	
Total assets	1,449
Pension	1,449
Profit-sharing	0
Thrift or savings	0
Employer contributions	213
Benefit payments	191

LOS ANGELES — The Los Angeles City Fire & Police Pension System's assets increased 4.8% for the 12 months ended Sept. 30, to $1.449 billion from $1.382 billion.

Equity managers: Favia, Hill; Security Pacific Investment; Wright Investors' Service.

Bond managers: Boston Co. and Security Pacific.

As of Sept. 30, the asset mix was 55% stocks, 37% bonds and 8% cash equivalents.

Key personnel overseeing investments are Gary Mattingly, general manager, and Allan Moore, investment officer.

Los Angeles Water and Power Employees' Retirement Plan

($ millions)	
Total assets	1,000
Pension	1,000
Profit-sharing	0
Thrift or savings	0
Employer contributions	105
Benefit payments	100

LOS ANGELES — The Los Angeles Water and Power Employees' Retirement Plan increased its investment in common stock by about 25% in the 12-month period ended Sept. 30, 1984.

The increase followed a 2-year-

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old change in the city charter that allowed city retirement plans to increase their investments in equity. The changes followed extensive public hearings on how to improve investment return for city retirement plans.

Assets for the retirement plan increased 32.6% over a 15-month period ended Sept. 30, to $1 billion from $754 million.

Balanced managers: Trust Co. of the West and Crocker Investment Management.

Both managers are allowed to write options on equity portfolios.

The asset mix as of Sept. 30, was 26% stocks, 53% bonds, 8% mortgage-backed securities and 12% in short-term fixed investments.

Bank of America is custodian.

Key investment personnel are Kathleen Thorton, assistant general manager, and Clarence F. Brawn, investment officer.

Louisiana State Employees Retirement System

($ millions)

Total assets	1,242
Pension	1,242
Profit-sharing	0
Thrift or savings	0
Employer contributions	115
Benefit payments	160

BATON ROUGE, La. — Louisiana State Employees Retirement System assets rose 14% to $1.242 billion in the year ended Sept. 30, from $1.090 billion a year earlier. The increase resulted from $125 million of interest income and $36 million in net pension contributions after $160 million in benefit payments; the state contributed $115 million; and employees $81 million.

Its realized and unrealized losses totaled about $9 million.

It made no major changes in its investment strategy or managers.

The asset mix was 6% stocks, 65% bonds, 22% cash equivalents, 2% real estate mortgages and 5% mortgage-backed securities.

The fund runs in-house most of the cash equivalents.

Louisiana National Bank is custodian.

Balanced managers: Hibernia National Bank, Security Pacific Investment Managers.

Vernon Strickland is director. Nick Montagnino is assistant investment officer.

The LTV Corp.

($ millions)

Total assets	2,338
Pension	2,044
Profit-sharing	183
Thrift or savings	111
Employer contributions	na
Benefit payments	na

DALLAS — The LTV Corp. made its third consecutive noncash contribution to its pension fund in 1984, contributing $33 million principal amount of its 14% sinking fund debentures as part of its 1983 plan year contribution.The pension funds of LTV and Republic Steel were consolidated into a single plan in 1984, bringing total pension assets to $2.338 billion, a 53% increase over the $1.526 billion reported by LTV in 1983. LTV and Republic merged in 1984.

Mellon Bank was selected as master trustee following the consolidation. Chase Manhattan Bank was dropped.

Dennis Hamilton, who directed Republic's pension fund, became director of employee benefit fund investments for LTV.

LTV's asset mix as of Sept. 30 was 60% stocks, 20% fixed income, 10% cash, 5% real estate, 2% venture capital and 3% international.

Equity managers: Bankers Trust; Batterymarch; Century Capital; Continental Illinois; Delaware Investment Advisors; Endowment Management; Fidelity International; Forstmann-Leff; Franklin Portfolio; InterFirst Investment Management; Lord, Abbett; MacKay-Shields; Mellon Bank; Mercantile Securities; Morgan Grenfell; National City Bank of Cleveland; Fayez Sarofim.

Bond managers: Manufacturers Hanover and Scudder, Stevens.

Real estate managers: C B Institutional IV; Thomas L. Karsten; Security Capital.

GICs: Hancock; Metropolitan; Travelers.

George H. Simon is director of benefit accounting and administration. Dennis Hamilton is director of employee benefit fund investments.

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Marathon Oil Co.

($ millions)

Total assets	1,271
Pension	566
Profit-sharing	0
Thrift or savings	705
Employer contributions	40
Benefit payments	55

FINDLAY, Ohio — Marathon Oil's pension assets dropped 3.3% during the year. The employer contribution dropped 25.9% and the payout to beneficiaries increased 5%.

The approximate mix of pension assets is 70% stocks, 15% bonds, 5% cash equivalents and 10% annuities. The thrift plan has $337 million invested in GICs. Marathon has $3 million in foreign equity markets.

Marathon gives full discretion to its securities managers to move between stocks and bonds.

Balanced managers: The Boston Co.; Chase Investors; Equitable Investment Management; IDS Advisory; Jennison Associates; Lord, Abbett.

International manager: Chase Investors.

Chase Manhattan is the master trustee.

F.E. Braden, manager, benefits funding, oversees management of the fund.

Issues affecting Taft-Hartley funds will be examined in the April 1 issue.

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Thomson McKinnon Securities Inc.

Marine Engineers Benefit Association

($ millions)

Total assets	840
Pension	840
Profit-sharing	0
Thrift or savings	0
Employer contributions	72
Benefit payments	89

BALTIMORE — The Marine Engineers Benefit Association employee benefit fund had total assets of $840 million as of Sept. 30. That was an 11% increase from 1983's $756 million total.

The employee contribution will be $72 million, which represents a 33% decline from the $76 million of the previous year. By contrast, benefits paid out to retirees will be $89 million, or a 187% increase from the $31 million paid out previously.

Roughly 13% of total assets, or $112 million, is managed in-house. Of that, $74 million is in short term securities and $38 million is in GICs.

Kleinwort Benson International Investment, in London, manages $40 million internationally for the fund. Roughly $3.6 million is international equities, $35.7 million is international fixed income, and $0.7 million is other types of international investment.

MEBA uses stock options as a hedging device.

Equity managers: Bear,Stearns; Lazard Freres.

Bond managers: Bear, Stearns; Lazard Freres; U.S. Trust.

The approximate asset mix was stocks, 8.7%; bonds, 17.2%; cash equivalents, 21.2%; real estate equity, 7.9%; mortgages, 1.8%; GICs, 4.6%; other insurance contracts, 38.5%; and miscellaneous investments, 0.1%.

Mercantile Safe Deposit & Trust is master trustee.

Key investment personnel include Lucille Hart, administrator; Gerald Zensky, controller; and Mel Beavers, assistant to the controller.

Martin Marietta Corp.

($ millions)

Total assets	1,450
Pension	1,150
Profit-sharing	0
Thrift or savings	300
Employer contributions	85
Benefit payments	36

BETHESDA, Md. — In January, the Martin Marietta pension fund sold 500,000 shares of preferred company stock, at $60.63 per share, that Martin Marietta had contributed in 1982 at $50 per share.

Based on year-end 1982 figures, Oppenheimer & Co. has designated the fund as one of the most overfunded in the country.

Martin Marietta made several manager changes during the year. Breau Capital and Torray & Clark were added as equity managers, and Eberstadt Asset Management and Gregg, McKay, Knight & McKay were dropped. Mellon Financial Services was deleted as a fixed-income manager, and the whole option program, which had been run by Chase Investors, Loomis, Sayles and Travelers, was dropped.

Pension assets grew by 4.6% during the year; employer contributions were identical; and benefit payments increased 20%.

The approximate asset mix is 51% stocks, 20% bonds, 21% cash equivalents and 8% GICs. Of the $175 million managed internally, $65 million is equities and $110 million bonds. The fund is $78 million in GICs. Of the $40 million in foreign markets, $38 million is equities and $2 million fixed-income.

Equity managers: Capital Guardian; State Street Research; Van Eck; Breau Capital; Pioneering Management; Torray & Clark.

Bond manager: T. Rowe Price.

Bankers Trust is master trustee.

Wayne H. Shaner, assistant treasurer-pension investment, and Shawn M. Hendon, manager-pension investment, oversee investment management.

Maryland State Retirement & Pension Systems

($ millions)

Total assets	4,107
Pension	4,107
Profit-sharing	0
Thrift or savings	0
Employer contributions	447
Benefit payments	366

BALTIMORE — The Maryland State Retirement & Pension Systems hired its first outside fixed-income managers in 1984, as it had brought on its first outside equity managers the year before.

The $4.1 billion fund now has 35% of its assets managed externally.

Six managers were picked to run $700 million in fixed income, including: Morgan Stanley, $250 million; Miller, Anderson & Sherrerd, $200 million; and Pacific Investment Management Co., $100 million. Three other firms split the remaining $150 million.

Left out was STW Fixed Income Management, after a disagreement about fees.

The state Legislature also passed a law limiting cost-of-living adjustments for plan participants who started working before 1979.

As of Sept. 30, the fund had grown 9.3%, to about $4.1 billion from the previous year's total assets of about $3.76 billion.

Equity managers: Alliance Capital; Atlanta Capital; Capital Guardian; Dimensional Fund Advisors; Eaton & Howard, Vance Sanders; Hagler; Mastrovita & Hewitt; Hembrecht & Quist; Investment Advisers; Investment Counselors of Maryland; Johnson Valliance & Broadfoot; Loomis, Sayles; MacKay-Shields; Scudder, Stevens & Clark; State Street Research; Tower Capital; and Wellington Trust.

Bond managers: Investment Counselors of Maryland; Mercantile Safe Deposit & Trust; Miller, Anderson & Sherrerd; Morgan Stanley; Pacific Investment Management; and Standish, Ayer & Wood.

Of the $2.67 billion run in-house, $1.59 billion is managed in an indexed equity fund. The remaining $1.08 billion is invested in fixed-income assets.

The asset mix was 55% in stocks; 22% bonds; 11% cash equivalents; 1% mortgages; and 11% mortgage-backed securities.

First National Bank of Maryland is the fund's custodian.

Howard J. France is executive director; Arthur M. Lynch Jr., director-fixed income; and Enos T. Throop Jr., director-equity.

Massachusetts State Employees & State Teachers Annuity Funds

($ millions)

Total assets	2,400
Pension	2,400
Profit-sharing	0
Thrift or savings	0
Employer contributions	70
Benefit payments	na

BOSTON, Mass. — All Massachusetts state funds are involved in a major restructuring aimed at eradicating the state's unfunded liabilities.

Last December, the state passed a law liberalizing investment restrictions and boosting funding provisions. One outcome of the move was to enable the Massachusetts State Employees and Teachers Funds to increase their equity exposures.

As a result, the funds made five new appointments last September, hiring five Boston firms to run a $100 million portion of assets. The new managers are: Eaton & Howard, Vance Sanders; Gardner and Preston Moss; Standish Ayer & Wood; State Street Research & Management; and Thorndike, Doran, Paine & Wood.

The funds also placed $427 million of assets in a Massachusetts state central investment fund called the Pension Reserve Investment Trust Fund.

Philip D. Kett, formerly chief investment officer for the teachers and employees funds, was named chief investment officer of the new central fund. Alan West, formerly senior investment officer, was named chief investment officer of the state employees and teachers funds.

The funds reported no change in assets during the 12-month period ended Sept. 30, remaining at $2.4 billion.

Equity managers: Eaton & Howard, Vance Sanders; Gardner and Preston Moss; Standish Ayer & Wood; State Street Research; Thorndike, Doran, Paine & Wood.

The approximate asset mix was 10% stocks, 54.7% bonds, 5% cash equivalents, 30% in mortgage-backed securities and 0.3% in GICs.

The Employees Annuity Fund uses the Bank of Boston as master custodian. The Teachers Annuity Fund uses State Street Bank as master custodian.

Alan West is chief investment officer.

McDermott International Inc.

($ millions)

Total assets	1,037
Pension	836
Profit-sharing	0
Thrift or savings	201
Employer contributions	50
Benefit payments	48

NEW ORLEANS — In 1984, McDermott Inc. made one managerial change, dropping Forstmann-Leff Associates and moving the money in-house.

It also set up a $93 million dedicated bond portfolio, yielding 13%. Altogether, the fund now has $353.8 million in dedicated bond portfolios, all managed in-house.

McDermott's annual pension contribution fell 37.5% to $50 million, a drop the company attributed to a decline in its work force. Its benefits payments were $48 million, up 20% from the $40 million in 1983.

Total employee benefit assets increased 9.7% during the year ended Sept. 30, to $1.037 billion from $945 million a year earlier.

Pension assets rose 8.6% to $836 million from $770 million.

Its employee savings assets totaled $202 million, up 18%.

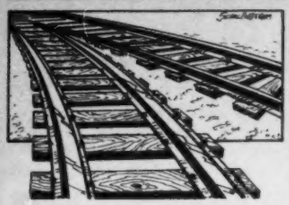
The pension fund asset mix was 25% stocks and 75% bonds.

Most of the pension assets — $631.4 million in bonds and $25 million in equities — is run in-house through McDermott International Investment Co. Inc., Nassau, the Bahamas.

The fund's master trustee is Northern Trust Co.

Sponsors with internal pension fund management ($ millions)

Fund	Assets	Fund	Assets
California Public Employees	$ 22,717	San Francisco City & County	$800
New York State Common	19,959	CIGNA Corp.	778
New York State Teachers	10,688	GTE Service Corp.	750
General Electric Co.	10,501	Sperry Corp.	750
Texas Teachers	9,753	John Hancock Mutual Life Ins. Co.	737
New Jersey Investment Division	9,166	Philadelphia Municipal	735
Michigan State Employees	8,951	United Air Lines	700
Wisconsin State Board	8,692	American Airlines	660
Ohio Teachers	8,507	McDermott International Inc.	656
Ohio Public Employees	8,432	Textron Inc.	612
North Carolina	7,891	Ford Motor Co.	500
U.S. Steel & Carnegie Pension Fund	6,850	The LTV Corp.	500
E.I. du Pont de Nemours & Co. Inc.	6,678	Hawaii Employees	499
Florida State Board	5,909	Operating Engineers, International	488
Georgia State	4,723	Tenneco Inc.	435
New York City Employees	4,540	Armco Inc.	434
University of California	4,206	Allied Corp.	425
Colorado Public Employees	4,108	West Virginia Investment Board	415
Retirement Systems of Alabama	4,095	Dow Chemical Co.	405
IBM Corp.	4,000	Kentucky Retirement Systems	344
U.N. Joint Staff Pension Fund	3,810	Standard Oil Co. (Ind.)	333
Exxon Corp.	3,502	The National Rural Electric Coop.	321
United Technologies Corp.	3,453	U S WEST	313
Tennessee Consolidated	3,400	Arizona State	300
South Carolina	3,036	TRW Inc.	292
Prudential Insurance Co. of America	2,785	Iowa Public Employees	261
Washington State Board	2,700	United Methodist Pension Fund	260
Maryland State	2,667	California State Teachers'	250
Union Carbide Corp.	2,500	ITT	246
Minnesota State Board	2,468	Detroit Retirement Systems	200
Texas Employees	2,459	Mobil Oil	200
Bethlehem Steel Corp.	2,337	Nevada Public Employees	200
Westinghouse Electric Corp.	2,295	Louisiana State Employees	190
Massachusetts State	2,200	Oklahoma Teachers'	180
Oregon Public Employees	2,000	Martin Marietta Corp.	175
Procter & Gamble	1,874	Pennsylvania Public School	166
Metropolitan Life Insurance Co.	1,850	U.M.W. of America	161
AT&T	1,807	L.A. Water and Power Employees	156
Virginia Supplemental	1,563	Bechtel Power Corp.	150
Sears, Roebuck & Co.	1,549	Getty Oil Co.	146
Illinois State Board	1,500	Halliburton Co.	141
Aetna Life & Casualty	1,356	Los Angeles City Employees	129
Chicago Teachers'	1,343	Kentucky Teachers'	118
Alaska State	1,291	L.A. City Fire & Police	118
Ohio Police and Firemen's	1,243	FMC Corp.	116
Connecticut Trust Funds	1,223	MEBA	112
Commonwealth Edison Co.	1,218	Mississippi Public Employees	103
Ohio School Employees	1,168	General Dynamics	100
Citicorp	1,158	Chrysler Corp.	85
Utah State	1,135	Eaton Corp.	84
New York Life Insurance Co.	1,033	Dresser Industries Inc.	80
Deere & Co.	1,030	Indiana Public Employees'	77
The Signal Companies	1,000	Raytheon Co.	70
Southern Baptist Convention	1,000	Teamsters, Central States	70
Grumman Corp	994	Dart & Kraft Inc.	60
Los Angeles County Employees	982	Motorola Inc.	60
Firestone Tire & Rubber Co.	964	Texas Instruments	50
New Mexico Educational	929	Ashland Oil Inc.	35
Arkansas Teachers	924	Philip Morris Inc.	30
Texas Municipal	900	Chevron Corp.	29
Shell Oil Co.	868	Illinois Municipal	20
Teledyne Inc.	848	United Presbyterian Pension Board (USA)	13
Travelers Corp.	838	Boilermakers, Blacksmiths	10
Texas County & District	803	World Bank	5
		TOTAL	$283,847



Equity managers: Delaware Management; BEA Associates; Fayez Sarofim.

Bond manager: Mellon Bank.

Nicholas E. Mezey is president, McDermott International Investment Co.. Larry R. Gibson and Cindy L. Sweeting are investment analysts.

McDonnell Douglas

($ millions)

Total assets	4,108
Pension	3,074
Profit-sharing	0
Thrift or savings	1,034
Employer contributions	157
Benefit payments	114

ST. LOUIS — In 1984, the McDonnell Douglas fund, which made its first real estate equity investments the previous year, increased its presence in that area, making contributions to RREEF "USA" Fund III and LaSalle Fund II.

Other than real estate, the rest of the investment management lineup remained unchanged from 1983.

As of Sept. 30, the employee benefit assets of McDonnell Douglas were $4.1 billion, a 10% increase over last year's total of $3.7 billion. Contributions, at $157 million, were only a little more than half of 1983's total of $300 million. Benefit payments rose 11.8% to $114 million.

Equity managers: Aetna Capital Management; Bankers Trust; Dimensional Fund Advisors; Treynor, Arbit.

Fixed income managers: Aetna Capital Management; Centerre Trust.

Real estate managers: Trust Co. of the West, Fund I; RREEF, USA Fund III; LaSalle Fund II.

International equity manager: Nomura.

The fund refused to disclose its asset mix.

Bankers Trust is master trustee.

Key personnel are D. Hammerstein, director-retirement funds management, and S.L. Kwiatek, investment analyst.

Merck & Co. Inc.

($ millions)

Total assets	749
Pension	645
Profit-sharing	0
Thrift or savings	104
Employer contributions	na
Benefit payments	na

RAHWAY, N.J. — As of Sept. 30, Merck & Co. had total employee benefit assets of $749 million, an increase of 3.3% from $725 million a year ago.

The fund has $31 million, about 5%, of its pension assets allocated to international investments. Also, $38.4 million is invested in real estate equity; $2.5 million in oil and gas; and $500,000 in venture capital.

Equity managers: J.P. Morgan; Brundage, Story & Rose; State Street Research; Capital Guardian.

Bond manager: J.P. Morgan.

Real estate managers: J.P. Morgan; Prudential.

International managers: Morgan Guaranty; Capital Guardian; Vanguard.

The approximate asset mix of the pension assets as of Sept. 30 was 64% stocks, 19% bonds, 6% cash equivalents, 6% real estate equity and 5% international.

Bankers Trust is master trustee.

Key personnel overseeing investment management are Alfred P. Smith, treasurer; Lee Hale, assistant treasurer; and Susan Y. Chin, director-pension and benefit investments.

Metropolitan Life Insurance Co.

($ millions)

Total assets	2,325
Pension	1,850
Profit-sharing	0
Thrift or savings	475
Employer contributions	50
Benefit payments	105

NEW YORK — Metropolitan Life Insurance Co.'s own employees' pension fund assets grew by $54 million during the 12 months ended Sept. 30, to $1.85 billion from about $1.8 billion, an increase of 3%.

Metropolitan reported an additional $475 million in thrift and savings plan assets for employees. The plans had been set up in 1970, but were not reported last year.

Benefits of $105 million were paid out to retirees in 1984. Total employer contributions for the year were $50 million.

Metropolitan Life manages all its assets internally.

The approximate asset mix was 13% stocks, 72% fixed-income, 6% cash equivalents and 9% real estate equity.

Michigan State Employees' Retirement System

($ millions)

Total assets	8,951
Pension	8,951
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

LANSING, Mich. — The Michigan State Employees' Retirement System increased its venture capital investment $43 million from $18 million during 1984.

Pension assets increased 8.2% during the year ended Sept. 30, growing to $8.951 billion from $8.271 billion a year earlier.

All of the fund's assets are internally managed.

Asset mix for the fund is 44.4% stocks, 36.4% bonds, 4.5% cash equivalents, 0.3% real estate equity, 13.9% mortgages and 0.5% venture capital.

William A. Amerman is director of investments.

City of Milwaukee

($ millions)

Total assets	814
Pension	814
Profit-sharing	0
Thrift or savings	0
Employer contributions	32
Benefit payments	35

MILWAUKEE — The Milwaukee City Fund had total assets of $814 million on Sept. 30, up 4.2% from 1983. The fund hired two new managers — INVESCO Capital Management for equities and Heritage Investment Management for bonds.

Torray Clark & Co. Inc., another new equity manager, is scheduled to start in 1985.

The asset mix of the fund is 39% stocks, 39.2% bonds, 11% cash equivalents and 10.8% mortgage-backed securities.

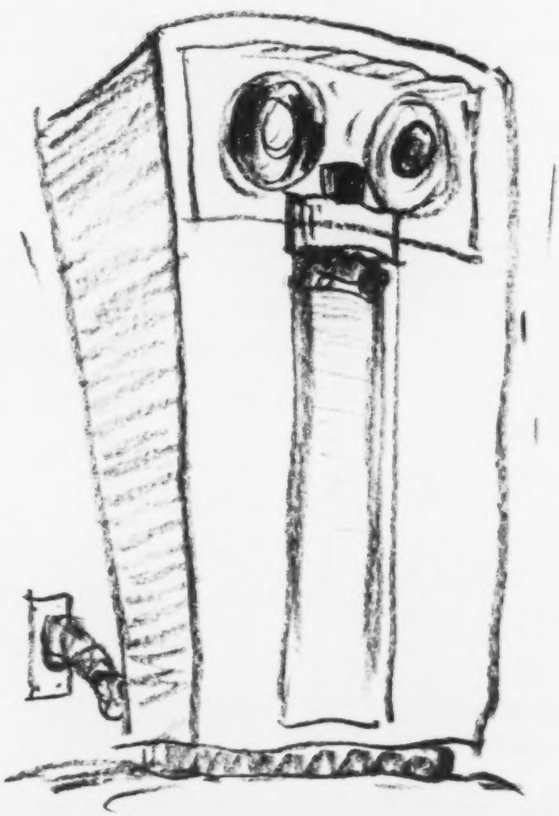
Equity managers: Criterion; Loomis, Sayles; INVESCO.

Bond managers: Criterion; Loomis, Sayles; Heritage; First Wisconsin Trust.

Master trustee is First Wisconsin.

Key personnel for the fund include Robert G. Nehls, secretary and executive director; Duamel Vellon, assistant secretary and assistant executive director; and Chris Foerster, pension account specialist.

A special report on 401(k) plans will be published April 15.



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Minnesota Mining and Manufacturing Co.

($ millions)	
Total assets	1,542
Pension	1,462
Profit-sharing	0
Thrift or savings	80
Employer contributions	118
Benefit payments	41

ST. PAUL, Minn. — 3M added ValueQuest and C-S Capital Advisors as equity managers and deleted Endowment Management and Research from its equity roster.

Employee benefit assets increased about 11.2% during the year ended Sept. 30, growing to $1.542 billion from $1.387 billion a year earlier. Employer contributions increased 31.3%; payouts to beneficiaries, 156.3%. 3M's $1.462 billion pension asset total also includes 501(c)(9) assets.

The approximate asset mix is 67% stocks, 27.5% bonds and cash equivalents, 5% real estate equity and mortgages 0.5%.

3M uses stock and bond option and stock and fixed-income futures. It has invested $84.4 million in foreign stock markets, $60.1 million in equity real estate and $7 million in mortgages.

Equity managers: Alliance Capital; Batterymarch; IDS Advisory; Minnesota Mutual Life; T. Rowe Price; Management Asset; ValueQuest; C-S Capital Advisors.

Bond managers: First Trust Co. of St. Paul; Minnesota Mutual Life; Sun Life; PIMCO; Hoisington Investment Management.

Real estate managers: Citibank; Equitable; RREEF; TCW Realty Advisors; JMB.

Leveraged buy-out fund: Forstmann, Little & Co.

First Trust Co. of St. Paul is master trustee.

Jan Yeomans is manager of the pension fund.

Feb. 4: The annual report of the leading investment banks.

Minnesota State Board of Investment

($ millions)	
Total assets	5,607
Pension	5,607
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

ST. PAUL, Minn. — The Minnesota State Board of Investment put $1.3 billion in an index fund in 1984. The index fund was designed to track the Wilshire 5,000 index. The fund also put $10 million each into two venture capital pools: Summit Ventures and First Century Three Fund of Smith Barney Venture Corp.

The fund had its assets increase 7.8% for a year ended Sept. 30, to $5.6 billion from $5.2 billion a year earlier.

Its asset mix is 55% stocks, 30% bonds, 4% cash equivalents, 10% mortgage backed securities and 1% venture capital and oil and gas. The fund manages $2,468 million internally.

Equity managers: Fred Alger; Alliance Capital; Beutel Goodman; BMI Capital; Forstmann-Leff; Hellman Jordan; IDS Advisors; Investment Advisers; Lieber & Co.; Loomis Sayles; Norwest Bank; Research Management; Siebel Capital; Herbert Smith; Trustee & Investor.

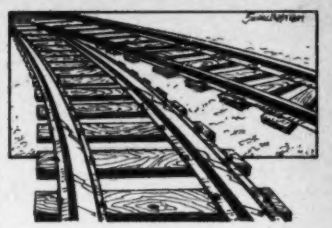
Bond managers: Lehman; Morgan Stanley; Miller Anderson and Sherrerd; Western Asset Management; Northwestern Bank.

Real estate: Prudential; Equitable; Aetna; RREEF; Heitman.

Venture capital managers: Summit; Smith Barney.

State Street Bank is master trustee.

A special report on 401(k) plans will be published in the April 15 edition of *Pensions & Investment Age.*



Key personnel include Howard J. Bicker, executive director, and Jeff Bailey, assistant executive director.

Public Employees Retirement System of Mississippi

($ millions)	
Total assets	1,773
Pension	1,773
Profit-sharing	0
Thrift or savings	0
Employer contributions	231
Benefit payments	94

JACKSON, Miss. — After hiring nine new investment managers in 1983, the Mississippi state retirement system made no management changes in 1984.

The fund runs more than $100 million in-house, of which about 90% is in fixed income assets, and the remainder is in equities.

The funds grew $195 million over the 12-month period ended Sept. 30, an increase of about 12.4%.

The state made contributions of $236 million, and benefits of $94 million were paid out.

Equity managers: Alliance Capital; Eaton & Howard, Vance Sanders; Fayez Sarofim; INVESCO Capital; and Scudder, Stevens & Clark.

Bond managers: Criterion; Dreyfus; Lehman; Mackay-Shields; Manufacturers Hanover; PIMCO; Wentworth, Hauser & Violich.

The asset mix was 15% in stocks, 72.7% in bonds, and 12.3% in cash equivalents.

First National Bank of Jackson is custodian.

Key personnel of the fund are Charles D. Wilkinson C.F.A., deputy director of investment; James H. Dunn, investment manager; and Anne D. Middleton, investment technician.

The Public School Retirement System of Missouri

($ millions)	
Total assets	2,100*
Pension	2,100
Profit-sharing	0
Thrift or savings	0
Employer contributions	111
Benefit payments	110

*as of June 30, 1984

JEFFERSON CITY, Mo. — The total assets of the Missouri Public School Retirement System increased $28 million, or about 1.4%, in the 12-month period ended June to $2.1 billion, from $2.072 billion a year earlier.

The plan paid out benefits of $110 million, and received contributions of $111 million.

Boatmen's National Bank is sole manager and custodian.

The asset mix as of June 30 was 14% stocks, 62% bonds, 7% cash equivalents, 1% mortgages, and 16% mortgage-backed securities.

The key person at the fund is David W. Mustoe, executive secretary.

Mobil Oil

($ millions)	
Total assets	4,000
Pension	3,000
Profit-sharing	0
Thrift or savings	1,000
Employer contributions	150
Benefit payments	400

NEW YORK — In 1984, Mobil joined the ranks of pension funds placing assets in dedicated or im-

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the employee benefit business. Your Manager's first task is to study *your* business and learn *your* needs. The aim: to help your defined benefit or defined contribution plan take maximum advantage of our investment and administrative services.

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munized bond portfolios, allocating $700 million for that strategy.

As of Sept. 30, employee benefit assets at Mobil Oil totaled $4 billion, a jump of 33.3% over 1983's total of $3 billion. Contributions were $150 million in 1984, down from 1983's $230 million. On the other hand, the $400 million in benefit payments were almost three times higher than 1983's $140 million.

The fund cut back on its international holdings to $50 million. In the survey as of Sept. 30, 1983, the fund reported having $200 million overseas.

During the year, equity manager Putnam Advisory was dropped. Equity manager Jennison Associates, which oversees a portion of the saving plan, was added to the pension fund lineup. Also added were Miller Anderson & Sherrerd and Alliance Capital Management.

Equity managers: Jennison Associates; Miller, Anderson & Sherrerd; Fayez Sarofim; Alliance Capital; State Street Research; Chase Manhattan Bank; Bankers Trust; Capital Guardian; Citibank.

Bond managers: State Street Research; U.S. Trust; Metropolitan; Aetna.

The approximate asset mix of the pension assets as of Sept. 30, 1984, was stocks, 45%; bonds, 33.1%; cash equivalents, 10%; mortgage-backed securities, 5%; and GICs, 6.9%.

The fund has $100 million invested in mortgage-backed securities.

U.S. Trust is master trustee.

Charles Clune is the manager of the benefit funds.

Monsanto Co.

($ millions)

Total assets	2,200
Pension	1,800
Profit-sharing	0
Thrift or savings	400
Employer contributions	130
Benefit payments	96

ST. LOUIS — The Monsanto Co. had total employee benefit assets of $2.2 billion as of Sept. 30. The pension fund totaled $1.8 billion and a separate thrift or savings plan stood at $400 million.

Total employer contribution for the year is estimated to be $130 million and roughly $96 million will be paid out in benefits to retirees.

No assets are managed internally.

About $50 million is in GICs.

The fund has $120 million, or 5% of total assets, invested internationally with three managers, which officials declined to name. Roughly $100 million is in foreign equities and $20 million is committed to international fixed income.

Stock and bond options and stock and bond index futures are used as hedging devices.

About $15 million is invested in oil and gas.

Roughly $160 million is invested in real estate equity and $15 million in mortgages.

Equity managers: Pioneering Management; T. Rowe Price; Delaware Investment; Equitable; Lord, Abbett; Jennison Associates.

Bond managers: Morgan Guaranty; Centerre Trust; Fischer, Francis, Trees & Watts.

The asset mix for the fund was 63% stocks, 25% bonds, 3% cash equivalents, 8% real estate equity and 1% mortgages.

Northern Trust is master trustee.

Key investment personnel are: A.E. Wolfarth, assistant treasurer; R.P. McGahan, manager pension assets; and M.C. Haughey, pension analyst.

Motorola Inc.

($ millions)

Total assets	905
Pension	273
Profit-sharing	632
Thrift or savings	0
Employer contributions	55
Benefit payments	22

SCHAUMBURG, Ill. — During 1984, Michael Bonner departed from Motorola Inc. Mr. Bonner had been manager of trust investments.

Motorola hired Chase Investors Management Corp. to run a $30 million equity portfolio. The allocation represented 5% of the funds total assets. In an unrelated move, Motorola also terminated Citibank as one of its international investment managers.

The fund increased its assets by 60.5% or $341 million to $905 million from $564 million in 1983. The 1984 asset total includes $50 million in real estate equity, $55 million in international markets and $15 million in GICs.

Motorola runs a $60 million equity porfolio in-house.

Equity managers: Jennison Associates; Lincoln Capital; State Street Research; Capital Guardian; Stein Roe & Farnham.

Bond managers: Brown Brothers; Scudder, Stevens & Clark; Stein Roe.

Real estate managers: Prudential and Equitable.

International managers: Morgan Guaranty; Morgan Grenfell.

The approximate asset mix of the fund assets as of Sept. 30, was 52% stocks, 28% bonds, 5% cash equivalents, 8% real estate equity and 7% international.

Motorola's master trustees are Northern Trust and Harris Bank.

Overseeing the fund's investment operations is Garth L. Milne, vice president and director of treasury.

Funds with indexed assets

($ millions)

Fund	Assets
New York State Common Retirement Fund	$ 4,320
California Public Employees' Retirement System	3,500
New York State Teachers Retirement System	3,164
New York City Employees	2,582
Maryland Retirement & Pension Systems	1,591
Ford Motor Co.	1,400
Minnesota State Board of Investment	1,300
Washington State Investment Board	1,175
Deere & Co.	1,010
Pennsylvania Employees Retirement System	976
Exxon Corp.	927
Sears, Roebuck & Co.	829
Bell Atlantic Corp.	800
Virginia Supplemental Retirement System	482
U S WEST	457
Southwestern Bell Corp.	433
Shell Oil Co.	416
Florida State Board of Administration	343
Arizona State Retirement System	281
Trans World Airlines	274
World Bank	255
Greyhound Corp.	250
United Methodist Pension Fund	205
Ameritech	200
GTE Service Corp.	200
Southern New England Telephone Co.	193
International Union of Operating Engineers	187
Tennessee Valley Authority	180
United Presbyterian Church Pension Board (USA)	160
Sperry Corp.	150
Illinois State Universities Retirement System	138
Utah State Retirement Fund	135
Phillips Petroleum Co.	130
Kentucky Retirement Systems	125
Standard Oil Co. (Ind.)	124
Continental Group Inc.	117
Allied Corp.	100
Florida Power & Light Co.	100
Raytheon Co.	100
San Francisco City & County	100
Pacific Gas and Electric Co.	99
Aluminum Co. of America	96
Inland Steel Co.	91
Illinois Municipal Retirement Fund	81
The LTV Corp.	70
Eaton Corp.	56
Bechtel Power Corp.	50
Sun Co.	47
K mart Corp.	39
Goodyear Tire & Rubber	26
J.C. Penney Co.	25
Chicago Municipal	22
Philip Morris Inc.	15
United Air Lines	9
TOTAL	$30,135

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National Intergroup Inc.

($ millions)

Total assets	1,280
Pension	920
Profit-sharing	0
Thrift or savings	360
Employer contributions	68
Benefit payments	60

PITTSBURGH — National Intergroup Inc. set up a $228 million dedicated bond portfolio for Weirton Steel during the year ended Sept. 30. As part of Weirton's sale to its employees, National continues to have pension responsibilities. The dedication is being managed by Alliance Capital Management.

The fund invested in venture capital, dividing $10.5 million between Hambrecht & Quist and Advent of Boston. It dropped Citibank as an equity manager.

Pension fund assets dropped 2.4% to $920 million in the year ended Sept. 30. Annual pension contributions by the sponsor dropped 41% to $68 million; benefit payments fell 40% to $60 million.

The asset mix of the pension fund as of Sept. 30 was 18% equities, 56% bonds, 6% real estate equity, 19% cash equivalents and 1% venture capital.

Equity managers: Dreyfus Management; Brokaw Capital; NSR Asset Management; Value Line Asset Management.

Bond managers: Alliance Capital; Citibank; Centerre Trust; Equitable.

Real estate managers: Equitable; John Hancock Mutual; Prudential.

GIC managers: Equitable; Aetna.

Bankers Trust Co. is master trustee.

Clayton P. Shannon is treasurer.

National Pension Fund for Hospital & Health Care Employees

($ millions)

Total assets	1,037
Pension	1,037
Profit-sharing	0
Thrift or savings	0
Employer contributions	106
Benefit payments	23

NEW YORK — The National Pension Fund for Hospital & Health Care Employees had employee benefit assets of more than $1 billion as of Sept. 30, 1984, an increase of $152 million or 17% from the $885 million in assets the fund had the previous year.

Sources within the organization estimate employer contributions in 1984 to be about $106 million. Benefits paid to retirees in 1984 were about $23 million.

Balanced managers: Prudential Asset Management; Lehmann Management; Forstmann-Leff; Amalgamated Bank of New York.

The approximate asset mix as of Sept. 30, 1984, was 24.8% stocks, 65% bonds, and 10.2% real estate.

The fund has $105 million invested in real estate, but did not provide a breakdown between equity and mortgages.

The real estate assets are invested in Prudential's PRISA I and PRISA II accounts.

The fund's custodian is Irving Trust.

The key personnel overseeing investment management for the fund are Mortimer Lewart, executive director; Joseph Gonzalez, director of finance and administration; and Roderick Gorham, director of operations.

The National Rural Electric Cooperative Association

($ millions)

Total assets	1,055
Pension	895
Profit-sharing	0
Thrift or savings	160
Employer contributions	96
Benefit payments	89

WASHINGTON — The National Rural Electric Cooperative Association hired C-S Capital Advisors as an equity manager in 1984, while dropping stock manager Atlanta Capital and bond manager Harris Trust & Savings Bank.

Assets managed internally climbed to $321 million from roughly $200 million the year before.

In addition, the $895 million pension fund split its trust operation into domestic and international parts, picking State Street Bank as co-trustee for its $60 million in foreign assets.

As of Sept. 30, the pension fund increased 8.9% to $895 million from $822 million the year before; thrift plan assets dipped slightly to $160 million from $163 million.

Equity managers: Barrow, Hanley; C-S Capital; Capital Guardian; Chesapeake Capital; Liberty Square; Waite & Correnti; Wilmington Capital.

Bond managers: Capital Guardian and Lincoln Income Group.

International bond managers: Kleinwort Benson and Morgan Guaranty.

GICs: Aetna and Travelers.

The pension asset mix as of Sept. 30 was 53% stocks, 21% bonds, 16% cash equivalents, 3% mortgage-backed securities and 7% GICs.

Wachovia Bank & Trust is the master trustee for domestic assets.

Key investment personnel are Peter Morris, manager of investments; Tom Sowanick, fixed-income portfolio manager; and Joel Oppenheim, senior equity portfolio manager.

Public Employees' Retirement System of Nevada

($ millions)

Total assets	1,237*
Pension	1,237
Profit-sharing	0
Thrift or savings	0
Employer contributions	108
Benefit payments	93

*as of June 30, 1984

CARSON CITY, Nev. — The Nevada Public Employees' Retirement System hired two equity managers in 1984, giving them $100 million each in an effort to

diversify the system's investment styles. Hired were Loomis, Sayles & Co., Los Angeles, and INVESCO Capital Management, Atlanta.

Assets for the system grew 3% to $1.237 billion from $1.200 billion between Sept. 30, 1983, and June 30, 1984.

Equity managers: Loomis, Sayles and INVESCO.

Balanced manager: Criterion.

About $200 million in equity real estate and participating mortgages is managed in-house, and the fund has become limited partner in two venture capital groups, Criterion Venture Partners and Columbine Venture Associates.The system has $5 million committed to venture capital.

The asset mix was 45% stocks, 15% bonds, 1% cash equivalents, 1% real estate equity, 14% mortgages and 24% mortgage-backed securities.

Nevada National Bank is the custodian.

Key personnel in the operation of the system are Will Keating, executive officer; Lawrence Grisson, assistant executive officer; and Laura Wallace, investment analyst.

New Jersey Division of Investment

($ millions)

Total assets	9,166
Pension	9,166
Profit-sharing	0
Thrift or savings	0
Employer contributions	500
Benefit payments	na

TRENTON, N.J. — The New Jersey Division of Investments was threatened with crippling restrictions during 1984 as a number of bills promoting social investing were proposed in the Legislature.

A provision in one bill would require the system to invest solely in New Jersey companies, and another bill would require divestiture of the stocks of companies doing business in South Africa.

The pension assets of the system grew about 1.5% to $9.1 billion as of Sept. 30.

All of the assets are managed internally with 34% invested in stocks, 46% in bonds, 8% in short-term investments and 12% in mortgage-backed securities.

The fund is overseen by Roland M. Machold, director, and William P. Mooney, deputy director.

New Mexico Educational Retirement Board

($ millions)

Total assets	929*
Pension	929
Profit-sharing	0
Thrift or savings	0
Employer contributions	54
Benefit payments	47

*as of June 30, 1984

SANTA FE, N.M. — The New Mexico Educational Retirement Board's employee benefit assets totaled $929 million June 30, 1984, 20% more than the $775 million of a year earlier.

The fund is managed internally, with pension investment advice from the firm of Vaughan, Nelson, Scarborough & McConnell, Houston.

The approximate asset mix was 68% bonds, 14% mortgage-backed securities, 10% equities and 8% cash equivalents.

The fund has $132 million in Ginnie Maes.

Citibank, in conjunction with the state treasury, is custodian for the funds.

Investment officers are Bob Short and Pat Griego.

New York City Employees

($ millions)

Total assets	21,154
Pension	21,154
Profit-sharing	0
Thrift or savings	0
Employer contributions	1,900
Benefit payments	2,200

NEW YORK — William O. Badger, who as third deputy comptroller of the City of New York was responsible for pension fund investments, resigned effective Dec. 31, 1984; no replacement has been named yet.

The New York City Employees Retirement Systems is composed of the city employees fund, the city police fund, the city fire department fund and the city Board of Education fund. The New York City Teachers Retirement System manages part of its assets independently.

The assets of the system increased 7.5% in the year ended Sept. 30, 1984, to $21,154 million, although the fund paid out more in benefits — $2.2 billion — than it received in contributions — $1.9 billion.

The fund has $2,582 million indexed with Bankers Trust Co., and $308 million in GICs for the Teachers Retirement System. It also has $110 million invested in mortgages.

It manages $4,540 million internally, with $1,306 million invested in fixed-income, $3,124 million in cash equivalents and $110 million in mortgages.

During the year, the fund split $1.5 billion between two new fixed-income managers, Fischer Francis Trees & Watts and Pacific Investment Management Co. This was half of the $3 billion that had been managed by Favia, Hill Associates, the investment counseling subsidiary of Chemical Bank.

The fund also added several equity managers — Batterymarch Financial Management; Dimensional Fund Advisors; Lazard Freres; Provident Capital Management; and Stein, Roe & Farnham.

Equity managers: Alliance Capital; Bankers Trust; Batterymarch; BEA Associates; Dimensional Fund Advisors; Forstmann-Leff; Lazard Freres; MacKay-Shields; Oppenheimer Capital; Provident Capital; Stein Roe.

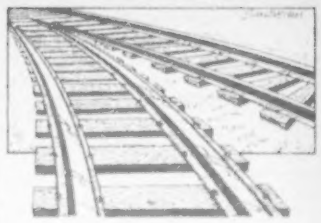
Bond managers: Citibank; Favia, Hill; Fiduciary Trust; Fischer Francis; Lehman Management; Pacific Investment.

Other managers (Teachers Variable Annuity Fund): Alliance Capital; BMI Capital; Bankers Trust; Batterymarch; GeoCapital; Management Asset; McConnell & Miller; Mellon Capital; Prudential; Scudder, Stevens; Tower Capital; Treynor-Arbit; Trinity Investment; Value Line; ValueQuest; Wells Fargo Investment Advisors.

Citibank is the master custodian for the city retirement systems; Rogers, Casey & Barksdale Inc. is consultant to the teachers variable fund.

The key people overseeing the fund are Robert T.C. Wilson, bureau chief; John J. Burns, senior fixed-income analyst; and May Mahr, senior equity analyst.

The key executives for the



Teachers Variable Annuity Fund are Wallace Sullivan, executive director, and Patrick Kiernan, assistant executive director.

New York Life Insurance Co.

($ millions)

Total assets	1,102*
Pension	1,033
Profit-sharing	49
Thrift or savings	20
Employer contributions	43
Benefit payments	37

*P&I Age estimate

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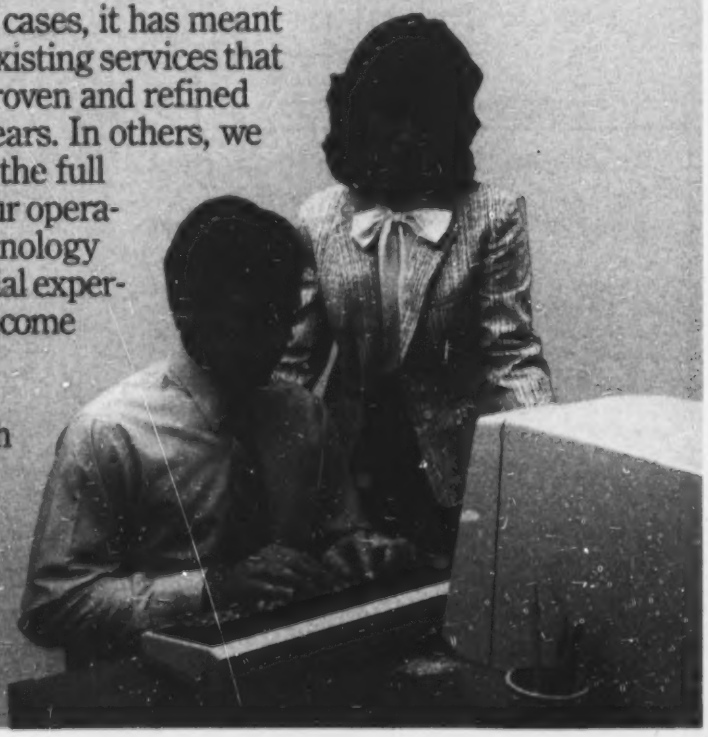

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NEW YORK — *Pensions & Investment Age* estimates the pension assets of New York Life totaled more than $1 billion as of Sept. 30. This is an increase of 10% from the 1983 pension asset estimate of $938 million. The insurer reported $940 million in pension assets as of Dec. 31, 1983, all of it managed internally.

The contribution to the plans will be $43 million in 1984, a dramatic increase from 1983's $12 million. New York Life said 1983's contribution had been unusually low because it had not been required to make a contribution to one of its plans.

The insurer had 95.6% of its pension assets in group annuity contracts in its general account, with 1.6% in a separate bond account and 2.8% in equity real estate.

Trustees of the benefit plans are the master trustees.

Key investment personnel for the fund are Donald K. Ross, chairman; Jacob B. Underhill, president; and George A.W. Bundschuh, vice chairman.

New York State Common Retirement Fund

($ millions)

Total assets	22,800
Pension	22,800
Profit-sharing	0
Thrift or savings	0
Employer contributions	1,500
Benefit payments	785

ALBANY, N.Y. — The assets of the New York State Common Retirement Fund increased 11.2% in the year ended Sept. 30, to $22.8 billion.

During the year, Eastdil was added as a real estate manager and Morgan Guaranty was dropped as an equity manager.

The fund manages just less than $20 billion internally: $4.5 billion in equities; $10.3 billion in fixed-income; $2.7 billion in short-term investments; and $2.4 billion in other investments.

It has $4.3 billion indexed, $135 million in venture capital, $35 million in real estate equity and $2.6 billion in mortgages.

The asset mix of the fund as of Sept. 30 was 31.7% stocks, 38.2% bonds, 11.6% cash equivalents, 0.1% real estate equity, 11.2% mortgages, 7% mortgage-backed securities and 0.2% venture capital.

Equity managers: Alliance Capital; Bank of New York; Favia, Hill; Lazard Freres; Oppenheimer; L.F. Rothschild; J.& W. Seligman; Shearson Lehman/American Express.

Real estate managers: Eastdil and Goldman Sachs' InProp fund.

Chase Manhattan Bank is the master custodian.

The key investment personnel are Suzanne D. Jaffe, deputy comptroller, and Raymond J. Healy, chief investment officer.

New York State Teachers Retirement System

($ millions)

Total assets	12,826
Pension	12,826
Profit-sharing	0
Thrift or savings	0
Employer contributions	900
Benefit payments	525

ALBANY, N.Y. — The New York State Teachers Retirement System grew 13.5% in the year ended Sept. 30, 1984.

During the year, the fund hired two equity managers, BEA Associates and Oppenheimer Capital Corp. They were funded with money from Manufacturers Hanover Investment Corp.

Equity managers: Sanford C. Bernstein; Lehman Management; Manufacturers Hanover Investment; BEA; Oppenheimer.

Also during the year the fund committed $50 million to venture capital.

The fund manages $10.7 billion internally, of which $3.1 billion is in an index fund, $6.8 billion in fixed income, $534 million in short term and $144 million in other investments.

The fund has $20 million in real estate equity and $1.5 billion in mortgages.

Harold N. Langlitz is executive director of the fund, Edward J. Reno Jr. is securities investment officer and Lowell A. Blom is mortgage officer.

Funds investing in oil and gas ($ millions)

Fund	Assets
Pennsylvania Public School Employees	$259.0
AT&T	175.0
Minnesota State Board of Investment	55.0
Exxon	43.0
Ford Motor Co.	30.0
Honeywell	20.0
Textron Inc.	20.0
Monsanto Co.	15.0
Southwestern Bell	13.0
General Electric Co.	10.0
ITT	10.0
Owens-Illinois	10.0
Tennessee Valley Authority	10.0
Caterpillar Tractor	9.7
Xerox	7.0
Dow Chemical	5.0
Commonwealth Edison	1.7
Eastman Kodak	NA
Eastern Air Lines	NA
IBM Corp.	NA
Martin Marietta Corp.	NA
Massachusetts Employees and Teachers	NA
New York State Common	NA
Pan American World Airways	NA
Southern Co.	NA
U S WEST	NA
TOTAL	$693.4

Funds investing in venture capital ($ millions)

Fund	Assets
General Electric Co.	$ 250.0
AT&T	213.0
U S WEST	150.0
New York State Common	135.0
Goodyear Tire & Rubber	91.1
Honeywell	70.0
Ohio Public Employees Retirement Fund	65.0
Exxon Corp.	56.0
Ford Motor Co.	50.0
New York State Teachers	50.0
Sears, Roebuck & Co.	49.0
Oregon Public Employees	46.0
Minnesota State Board of Investment	45.0
Michigan State Employees	43.0
FMC Corp.	35.0
Conoco	29.0
The World Bank	26.0
Boeing Co.	24.0
Chicago Municipal Employee	21.0
Owens-Illinois Inc.	20.8
Westinghouse Electric Corp.	20.0
Grumman Corp.	19.0
General Foods Corp.	16.6
TRW Inc.	15.2
Colorado Public Employees	15.0
Deere & Co.	15.0
Ohio Police & Fire	15.0
Ohio State Teachers	13.6
Dart & Kraft	13.2
R.J. Reynolds	12.3
Sperry Corp.	12.0
Illinois Board	11.0
National Intergroup	10.5
John Hancock	10.0
Illinois Teachers Retirement	10.0
Ohio School Employees	10.0
Dow Chemical	8.0
Eaton	8.0
Firestone Tire & Rubber	8.0
United Technologies	8.0
Texas Instruments	7.0
Unocal	7.0
Eli Lilly & Co.	6.0
Southern California Edison	6.0
Inland Steel Co.	5.0
Nevada Public Employees	5.0
J.C. Penney Co.	3.0
Standard Oil Co. (Ohio)	3.0
Merck & Co.	1.0
United Presbyterian Board of Pension	0.3
Eastman Kodak	NA
Eastern Air Lines	NA
IBM Corp.	NA
Martin Marietta Corp.	NA
Massachusetts State Employees and Teachers	NA
Pan American World Airways	NA
RCA Corp.	NA
TOTAL	$1,762.6

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North Carolina Retirement System

($ millions)

Total assets	7,967
Pension	7,967
Profit-sharing	0
Thrift or savings	0
Employer contributions	397
Benefit payments	346

RALEIGH, N.C. — The North Carolina Retirement System made its first foray into real estate in 1984, committing $75 million to open-end pools run by Aetna, CIGNA Capital and Goldman, Sachs.

The fund dropped First Union National Bank as its master trustee for equities. Bank of New York, formerly trustee for bonds only, now handles both.

As of Sept. 30, the fund had $7.97 billion in assets, up 13.8% from the year before.

The fund is internally managed but hires outside advisers.

Equity advisers: Alliance Capital; First Citizens Bank & Trust of Raleigh; First Union National Bank; NCNB National Bank; Thorndike, Doran; Wachovia Bank & Trust.

Bond adviser: Duff & Phelps (credit analysis only).

Real estate managers: Aetna; CIGNA; and Goldman.

The fund uses covered call options.

Its asset mix was 20.6% stocks, 68% bonds, 1.4% cash equivalents, 1% real estate equity and 9% mortgage-backed securities.

Overseeing the fund is C. Douglas Chappell, deputy treasury-investment and banking division.

Northrop Corp.

($ millions)

Total assets	1,700
Pension	1,110
Profit-sharing	590
Thrift or savings	0
Employer contributions	145
Benefit payments	30

LOS ANGELES — The Northrop Corp.'s employee benefit assets grew almost 10% to $1.7 billion in the year ended Sept. 30.

The company contributed $145 million to the benefit funds in 1984 and expected to pay out $30 million in benefits.

The asset mix as of Sept. 30 was 67% equities, 24% bonds and 9% cash.

Northrop uses no alternative or passive investments in its pension fund.

Equity managers: Capital Guardian Trust; Forstmann-Leff; Putnam Advisory; Rosenberg Capital; Jennison Associates; State Street Research.

Bond managers: Fischer, Francis and Jennison.

Bankers Trust is the master trustee.

Richard B. Lohrer, treasurer, oversees the fund.

NYNEX Corp.

($ millions)

Total assets	4,400*
Pension	3,500
Profit-sharing	0
Thrift or savings	900
Employer contributions	na
Benefit payments	na

*as of June 30, 1984.

NEW YORK — Total employee benefit assets accumulated at NYNEX since the divestiture of AT&T came to $4.4 billion as of June 30.

Roughly $3.5 billion of that is a master pension trust and $900 million represents a savings plan for salaried employees. These figures were compiled by the 1985 Money Market Directory.

Pension trust managers: American National Bank & Trust; The Boston Co.; Brundage, Story & Rose; Jennison Associates; John Hancock; Manufacturers Hanover Investment; Massachusetts Financial Services; McCowan Associates; State Street Research; Trust Company of the West; U.S. Trust; Wertheim.

Savings plan managers: Bankers Trust; Boston Co. Brown Broth-

ers Harriman; CIGNA; Oakwood Couselors Inc.

Key investment personnel are Larry Smart, director of finance, and Robert Wysocki, pension fund manager.

Ohio Police and Firemen's Disability and Pension Fund

($ millions)

Total assets	1,559
Pension	1,559
Profit-sharing	0
Thrift or savings	0
Employer contributions	145
Benefit payments	105

COLUMBUS, Ohio — The Ohio Police and Firemen's Disability and Pension Fund increased employee benefit assets by $138 million or almost 10% during the year ended Sept. 30, 1984.

About $1.2 billion are managed in-house: $901 million in bonds and $342 million in short-term investments.

The public fund made its first commitment to equity real estate at the end of 1983, selecting Trident/Meyer Real Estate Advisors as manager. The fund plans to direct slightly less than 5% of total assets toward equity real estate. However, only $6 million had been invested as of Sept. 30.

Equity managers: Value Line; Travelers Investment; Central National Bank; Duff & Phelps.

The approximate asset mix for the fund was 19% stocks, 41% bonds, 22% cash equivalents, 1% equity real estate, 16% mortgage-backed securities and 1% venture capital.

The $105 million in benefits payments listed above excludes $24 million in health care insurance payments.

Richard Thompson, investment manager, and Theodore Hall, assistant investment manager, oversee fund investments.

Ohio Public Employees Retirement System

($ millions)

Total assets	8,584
Pension	8,584
Profit-sharing	0
Thrift or savings	0
Employer contributions	600
Benefit payments	520

COLUMBUS, Ohio — The Ohio Public Employees Retirement System increased its assets 11.5%, to $8.6 billion between June 30, 1983, and Sept. 30, 1984. Most of the assets, $8.4 billion, are managed internally, with $1.9 billion in equities, $708 million in short-term investments and $5.7 billion in fixed income.

Equity managers: Value Line.

Real estate managers: Aetna; CIGNA; Wachovia Bank & Trust; Smith Barney.

The asset mix of the fund as of Sept. 30 was 22.8% stocks, 51.9% bonds, 8.2% cash equivalents, 1.7% real estate equity and 15.4% mortgage-backed securities. The fund also has $67 million in venture capital.

Key personnel for the fund include Timothy Getz, real estate manager; Gary Stentz, equity manager; and Mark Delaney, bond manager.

Ohio School Employees Retirement System

($ millions)

Total assets	1,484
Pension	1,484
Profit-sharing	0
Thrift or savings	0
Employer contributions	107
Benefit payments	131

COLUMBUS, Ohio — Employee benefit assets at the Ohio School Employees Retirement System increased 14% during the year ended Sept. 30, 1984, to just less than $1.5 billion.

Almost $1.2 billion of the assets are run internally: $36 million in equities, $746 million in fixed income, $197 million in short-term instruments and $189 million in real estate. Bankers Trust acts as the fund's manager on a non-discretionary basis.

The pension fund has a $10 million commitment in venture capital.

The approximate asset mix for the fund as of Sept. 30 was 24% stocks, 30% bonds, 13% cash equivalents, 9% equity real estate, 4% mortgages and 20% mortgage-backed securities.

The fund's key personnel are R. Jack Cooper, investment officer, and Paul Kubinsky and Robert Cowman, assistant investment officers.

Ohio Teachers Retirement System

($ millions)

Total assets	8,507
Pension	8,507
Profit-sharing	0
Thrift or savings	0
Employer contributions	468
Benefit payments	527

COLUMBUS, Ohio — The State Teachers Retirement System of Ohio had assets of $8.5 billion Sept. 30, an 8.9% increase from the year earlier. In 1984, the fund sold for $315 million the U.S. Steel building it had bought jointly two years before with the California Employees Retirement System. The sale price was $55 million more than the purchase price.

All of the fund's assets are managed internally with Thorndike, Doran, Paine & Lewis as equity and bond consultants and Thomas Karsten Associates as real estate consultants.

Asset mix of the fund as of Sept. 30 was 32% stocks, 28% bonds, 15% cash equivalents, 15% real estate equity and 10% mortgages. The fund has $115 million in a dedicated portfolio and $13.6 million in venture capital.

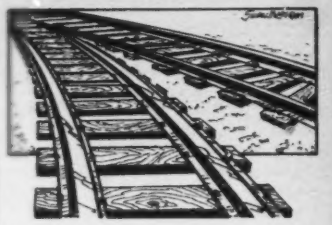
Key personnel for the fund include Stephen A. Mitchell, director of investments; Robert Leggett, portfolio manager-equities; James M. Meeth, portfolio manager-fixed income; Susan Shumaker, manager-real estate; and Dan Szente, research manager.

Oklahoma Teachers' Retirement System

($ millions)

Total assets	1,045
Pension	1,045
Profit-sharing	0
Thrift or savings	0
Employer contributions	125
Benefit payments	125

OKLAHOMA CITY — The



Oklahoma Teachers Retirement System's assets grew 3.4% during the year ended Sept. 30, 1984, to just more than $1 billion from $990 million.

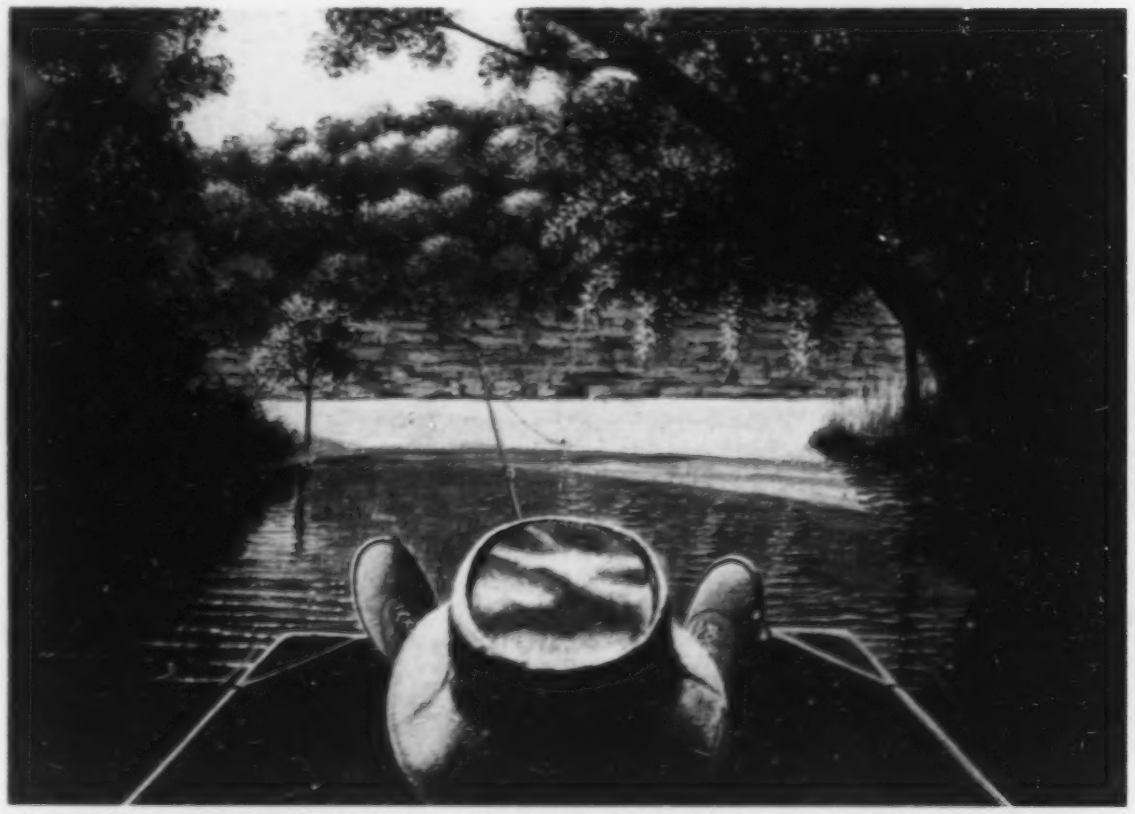
Only $180 million in short-term investments is managed in-house.

Balanced managers: Liberty National Bank & Trust Co.; Tom Johnson Investment; Bank of Oklahoma, Tulsa.

The fund's asset mix is 70.3% bonds, 15% cash equivalents, 9.7% equities and 5% mortgage-backed securities.

Key investment personnel are

Put An End To No Weekends



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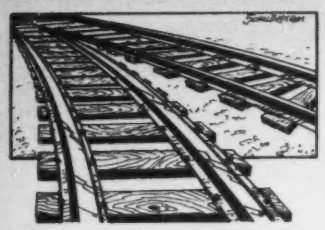

Tommy C. Beavers, secretary-treasurer; Jo Witt, investment officer; and Bill Puckett, assistant investment officer.

International Union of Operating Engineers

($ millions)

Total assets	1,037
Pension	1,037
Profit-sharing	0
Thrift or savings	0
Employer contributions	84
Benefit payments	44

WASHINGTON — The pension assets of the International Union of Operating Engineers totaled more than $1 billion as of Sept. 30, almost a 10% increase from the $944 million reported for 1983.

Employer contributions to the plan for 1984 will be $84 million; $44 million will be paid out in benefits to retirees.

Equity managers: Century Capital Associates; Forstmann-Leff Associates; American National Bank; Dimensional Fund Advisors.

Bond managers: Criterion Investment Management; Lehman Management; Mellon Bank; STW; and State Street Asset Management, which was added in 1984.

Real estate managers: Aldrich, Eastman; AFL-CIO Housing Investment Trust; Union Labor Life.

Other managers: Travelers Insurance; Aetna; Metropolitan Life; Mutual Benefit Life.

The plan runs $487.9 million in-house: $387.9 million in fixed-income and $100 million in short-term investments.

The union fund has $186.5 million in index funds, $132.1 million in dedicated or immunized bond funds and $194.7 million in GICs. It has $1.9 million in real estate equity and $23.6 million in mortgages.

The asset mix as of Sept. 30 was 29.6% stocks, 22.8% bonds, 14.9% in cash, 2.3% mortgages, 11.6% mortgage-backed securities and 18.8% GICs.

State Street Bank is the fund's master trustee.

Jack E. Johnson, director of finance, is the key investment person.

Oregon Public Employees Retirement System

($ millions)

Total assets	4,200
Pension	4,200
Profit-sharing	0
Thrift or savings	0
Employer contributions	400
Benefit payments	180

SALEM, Ore. — Pension assets of the Oregon Public Employees Retirement System grew 10.5% during the year ended Sept. 30, climbing to $4.2 billion from $3.8 billion.

The Oregon plan added a fourth international manager during the year when it allocated $5 million to Globe Finlay Inc.

The system manages $2 billion in-house, all of it in fixed income.

Equity managers: Batterymarch; BEA Associates; Columbia Management; Froley, Revy; General American; Glickenhaus; Harris Associates; Hotchkis & Wiley; Quest Advisory; Rosenberg Capital; Fayez Sarofim; William Witter.

International managers: Globe Finlay; ABD International; Daiwa; Rowe Price-Fleming.

Venture capital managers: Cable, Howse & Cozadd; Rainier Venture Partners; Menlo Associates; Northwest Venture Partners; New Enterprise Associates; Summit Ventures; Weiss, Peck & Greer.

Real estate manager: Alex. Brown Realty Advisors.

Leveraged buy-outs: Kohlberg Kravis Roberts.

Master trustee is First Interstate Oregon.

James C. George, investment manager, and William Unverzagt, senior investment officer, are the key investment personnel.

Owens-Illinois Inc.

($ millions)

Total assets	1,400
Pension	1,200
Profit-sharing	0
Thrift or savings	200
Employer contributions	56
Benefit payments	94

TOLEDO, Ohio — The Owens-Illinois pension fund made several manager changes during 1984.

Harbor Capital Advisors, the investment subsidiary of Owens-Illinois, took over the $38.5 million that had been managed in-house and now runs equities, both domestic and foreign, for the fund. Dimensional Fund Advisors was selected as a domestic stock manager and State Street Bank and Jennison Associates were selected for bonds. The Boston Co. and Harris Trust were dropped as bond managers.

In late 1983, Owens-Illinois hired Institutional Petroleum Advisors, a joint venture of Aldrich, Eastman & Waltch and Resource Programs Inc., to structure oil and gas deals. It subsequently changed the arrangement so it now deals directly with Resource Programs.

Total pension assets grew 15.3% during the year ended Sept. 30. Employer contributions declined 17.7% and benefits paid out increased 30.4%. Of the $56 million contributed, $4.2 million was in Owens-Illinois stock.

Of the $116 million invested in foreign markets, $89.7 million is in equities and $26.3 million in fixed income. The fund has committed $20.8 million to venture capital and $10 million to oil and gas; has $100.9 million in equity real estate and $46.6 million in mortgages. Owens-Illinois uses fixed income futures.

The approximate asset mix was 60.8% stocks, 14.7% bonds, 2.9% cash equivalents, 8.4% real estate equity, 3.9% mortgages and 9.3% foreign securities.

Wachovia Bank & Trust is the master trustee.

Key investment personnel are Jerome A. Bohland, senior vice president-finance; Richard W. Lock, treasurer and assistant chief financial officer; and Ronald C. Boller, director-portfolio management and benefit funds.

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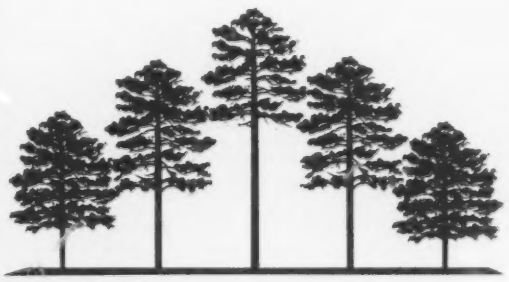

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Pacific Gas and Electric Co.

($ millions)

Total assets	2,068
Pension	1,424
Profit-sharing	0
Thrift or savings	644
Employer contributions	109
Benefit payments	70

SAN FRANCISCO — Pacific Gas & Electric Co. hired two equity managers midyear — Rosenberg Capital Management and Beutel, Goodman Capital Management. The fund also started a bond account with an existing equity manager, Miller, Anderson & Sherrerd.

As of Sept. 30, 1984, Pacific Gas & Electric's total employee benefit assets had increased 7% to just more than $2 billion from $1.9 billion the previous year. Of the total, more than $1.4 billion was in pension assets.

Equity managers: Barrow, Hanley, Mewhinney & Strauss; Beutel, Goodman; Cashman, Farrell; Chase Investors; Endowment Management & Research; Frontier Capital; Jundt/Capen; McCowan Associates; Miller, Anderson & Sherrerd; MPT Associates; Rosenberg Capital; and State Street Bank.

Bond managers: Fischer, Francis; Miller, Anderson & Sherrerd; and T. Rowe Price.

Real estate managers: Corporate Property Investors; Metropolitan; Prudential; RREEF; and TCW Realty.

GACs: Metropolitan Life and Prudentisl.

Private placements: Prudential.

PG&E has $99 million in an indexed fund, $73 million in GICs and $75 million invested in equity real estate.

The asset mix of the pension fund was 50.9% stocks, 7.5% bonds, 18.5% cash equivalents, 5.3% equity real estate, 4.9% GICs, 10.4% guaranteed annuity contracts and 2.5% private placements.

State Street Bank and Trust is master trustee.

Key investment personnel are Stanley T. Skinner, executive vice president and chief financial officer; Gordon R. Smith, vice president-finance and treasurer; and Janice K. Murphy, director-pension fund management.

Pacific Telesis Group

($ millions)

Total assets	5,300
Pension	5,300
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

SAN FRANCISCO — The Pacific Telesis Group received an initial allocation of $3 billion in pension assets from American Telephone & Telegraph Co. following the divestiture in 1984, and is slated to receive an additional $2 billion in mid-1985.

On Sept. 30, the asset mix was 55% stocks, 37% bonds and 8% real estate.

PacTel has about $100 million in index funds with Wells Fargo Investment Advisors. The fund uses fixed-income futures.

Late in 1984, PacTel reportedly hired ABD International, Morgan Grenfell, N.M. Rothschild Asset Management and Capital Guardian as international managers.

Equity managers: Chase Investors; Delfi Management; Dodge & Cox; Eberstadt (recently acquired by Alliance Capital); Hotchkis & Wiley; Kemper; Sit Investment; Siegel & Walmsley; United Capital; Mellon Capital.

Bond managers: CMB Investment; Discount Corp. of New York; Dodge & Cox; Kemper; Pacific Investment Management; Rosenberg Capital; Western Asset.

Bank of America is master trustee.

R.E. Holmes is director of investment management. Jeffrey Winter is manager-pension fund.

Pan American World Airways Inc.

($ millions)

Total assets	1,193
Pension	1,193
Profit-sharing	0
Thrift or savings	0
Employer contributions	70
Benefit payments	155

NEW YORK — Pan American World Airways' employee benefit assets dropped to $1.2 billion from $1.3 billion in the year ended Sept. 30 — an 8% decline.

During the year, Pan Am obtained a temporary restraining order against strikes that were called because the airline planned to freeze workers' pension accruals retroactive to Jan. 1.

Pan Am had deferred pension contributions since 1981. But in 1984, the Internal Revenue Service required the airline to freeze benefit accruals before allowing the company to defer payment of up to $230 million in contributions due Sept. 15, 1984.

Charles Dunn, manager-pensions and investments, declined comment on the status of the situation.

Employer contributions to Pan Am's pension funds totaled $70 million in 1984.

During the year, the pension fund dropped Fayez Sarofim and gave the manager's $60 million equity portfolio to Capital Guardian Trust. It also hired Putnam during the year to run an international equity account.

Equity managers: Bankers Trust; Capital Guardian; Waite & Correnti; Delaware Investment Advisers; Putnam; Reich & Tang; Rosenberg Capital; Citibank; Batterymarch; Trust Company of the West.

Bond managers: Mellon Bank; Rosenberg Capital; Connecticut General Life; John Hancock.

Bankers Trust is Pan Am's master trustee.

The airline has $7 million invested in international equities. Another $130 million is in a dedicated bond fund.

The approximate asset mix as of Sept. 30 was 46% stocks, 48% bonds and 6% cash.

Carl Stillwell, director-pensions and group insurance, and Mr. Dunn oversee investments for the pension fund.

J.C. Penney Co.

($ millions)

Total assets	1,718
Pension	737
Profit-sharing	981
Thrift or savings	0
Employer contributions	50
Benefit payments	15

NEW YORK — J.C. Penney Co. discontinued its in-house pension investment activities in 1984 and moved the $50 million internal portfolio to outside managers.

The company hired GeoCapital Investment for equities and Lieber & Co. for equities and fixed income. It brought in two international managers, Fidelity and Grantham, Mayo, Van Otterloo.

It also added to its real estate commitments, giving money to RREEF Mid-America/East IV and TCW Realty Advisors II.

Total employee benefit assets increased 3.3% during the year ended Sept. 30, 1984. The company has just less than $1.72 billion in benefit assets: $737 million in pension assets and about $981 million in profit-sharing and savings assets.

Equity managers: GeoCapital; Lieber; Miller, Anderson & Sherrerd; Rosenberg Capital; Tallasi; Torray Clark; State Street Bank.

Bond managers: Lieber & Co.; Miller, Anderson; Rosenberg.

Real estate managers: TCW and RREEF.

GICs: Metropolitan Life.

Venture capital: Sprout Capital Partners and U.S. Venture Partners.

International managers: Fidelity and Grantham, Mayo.

The company has a $25 million index fund for the profit-sharing plan and $190 million in GICs.

Pension fund international and venture capital investments total $27 million and $3 million, respectively. In addition, the company has $76 million committed to equity real estate (the number includes leveraged investments).

The pension plan asset mix was 60% in equities, 15% in bonds, 16% in cash equivalents and 9% in equity real estate as of Sept. 30.

State Street Bank is J.C. Penney's master trustee.

Key investment personnel are Paul Hubbard, vice president and treasurer; Don McKay, assistant treasurer; and Victor Bucchere, benefit plans investment manager.

Pennsylvania Public School Employees Retirement System

($ millions)

Total assets	6,597
Pension	6,597
Profit-sharing	0
Thrift or savings	0
Employer contributions	609
Benefit payments	613

HARRISBURG, Pa. — In July, the Pennsylvania Supreme Court ruled against legislation to trim state pension costs by decreasing state contributions 1% while raising employee contributions 1.25%. The court ruled the system had to refund the $27 million (plus 4% inter-

est) it had collected from employees under the law.

An unrelated legislative action passed last year now allows the fund to invest 1% of assets, at book value, in venture capital and limited partnerships.

During the year, Executive Director Andrew Sheffler joined Provident Capital Management. He was replaced by James A. Perry, previously assistant executive director. The fund also hired Clay Mansfield as investment administrator.

The fund dropped bond manager Manufacturers Hanover.

Equity managers: MacKay-Shields; Mellon Bank; Oppenheimer Capital; Provident Capital; State Street Research.

Bond managers: Loomis, Sayles; Mellon Bank; Pittsburgh National Bank.

Real estate managers: Jones, Lang Wootton; Fidelity Bank; Fidelity Bank (mortgages).

The $6.6 billion in pension assets the Pennsylvania School Employee had as of Sept. 30 represents an 11% increase from 1983's $5.9 billion.

During the year, the state contributed $609 million to the fund. Benefits paid out totaled $612.6 million.

The fund has $259 million invested in oil and gas, and $166.1 million in index funds.

The approximate asset mix of the pension assets as of Sept. 30 was stocks, 28.2%; bonds, 42.1%; cash equivalents, 13%; real estate equity, 2.1%; mortgages, 13.4%; and mortgage-backed securities, 1.2%.

First Pennsylvania Bank is the master trustee.

Key personnel involved in investment management are Mr. Mansfield, Mr. Perry and Richard C. Harris, chairman-finance committee.

Pennsylvania State Employees Retirement System

	($ millions)
Total assets	4,453
Pension	4,453
Profit-sharing	0
Thrift or savings	0
Employer contributions	412
Benefit payments	412

HARRISBURG, Pa. — In 1984 the Pennsylvania State Employees pension fund embarked on an aggressive program to bring real estate holdings up to 15% of total assets from its Sept. 30, 1983, holdings of $29 million, or 0.7% of the assets.

As of Sept. 30, 1984, the fund had $277 million, or 6.2% of total assets, invested in real estate equity. The fund has an additional $713 million, or 10.6%, in mortgages and mortgage-backed securities.

Along the way, it gave $30 million to F.I.A. Associates, JMB Institutional Realty and Security Capital Real Estate. During the summer, it also gave $20 million to Aetna Realty Investors; $10 million to Prudential's mortgage pool, MORISA, and $10 million to John Hancock.

At the end of the year, Executive Director Robert Cusma left to join the Illinois Municipal Retirement Fund. Mr. Cusma's replacement has yet to be named. In another personnel change, the fund tapped Gary Sipe in June to replace retiring Edwin Warwick as chief investment officer.

For the first time, the fund selected a full-time investment consultant, Wilshire Associates, which will make recommendations on asset allocation, investment structure, selection and monitoring of investment managers, performance measurement and non-traditional investment options.

The fund also made changes in its fixed-income holdings, naming Payden & Rygel to run $200 million in a short-term, fixed-income portfolio. Also, Mellon Bank's role as an active bond manager was changed to running a $417 million bond index fund.

Reportedly, the fund has committed $25 million to the Pennsylvania MILRITE Council, a private placement fund.

The fund dropped equity manager Mercantile Securities.

Equity managers: Wells Fargo Investment Advisors; Fred Alger; Alliance Capital; Mellon; Trustee & Investors; Barrow, Hanley; Glickenhaus; Trinity Investment.

Bond managers: Mellon; Miller, Anderson & Sherrerd; Payden & Rygel.

Real estate managers: Aetna; Corporate Property Investors; Equitable; F.I.A.; Hancock; JMB; Prudential; Security Capital; Philadelphia Saving Fund Society.

Other managers:: Analytic Investment Management; Balch, Hardy & Scheinman; and Travelers Investment.

The fund had assets of $4.5 billion as of Sept. 30, an increase of 7% from the previous year's $4.2 billion. Contributions totaled $412 million while benefits paid out were $385 million.

Since 1983, the fund more than doubled the amount of assets indexed to $976 million.

The approximate asset mix of the pension assets as of Sept. 30 was stocks, 32.7%; bonds, 16.3%; cash equivalents, 34.2%; real estate equity, 6.2%; mortgages, 6%; and mortgage-backed securities, 4.6%.

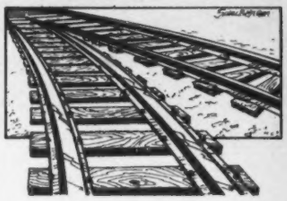
The Pennsylvania treasury is the master trustee.

Key personnel involved in investment management are Mr. Sipe and David D. Burnett, investment analyst.

Philadelphia Municipal Pension Fund

	($ millions)
Total assets	860
Pension	860
Profit-sharing	0
Thrift or savings	0
Employer contributions	137
Benefit payments	145

PHILADELPHIA — The Philadelphia Municipal Pension Fund had 11% more in assets for the year ended Sept. 30, increasing to $860 million from $774 million.



The figures for total employer contribution to all funds and benefits paid to retirees are estimates as of June 30, 1985, the end of the cur-

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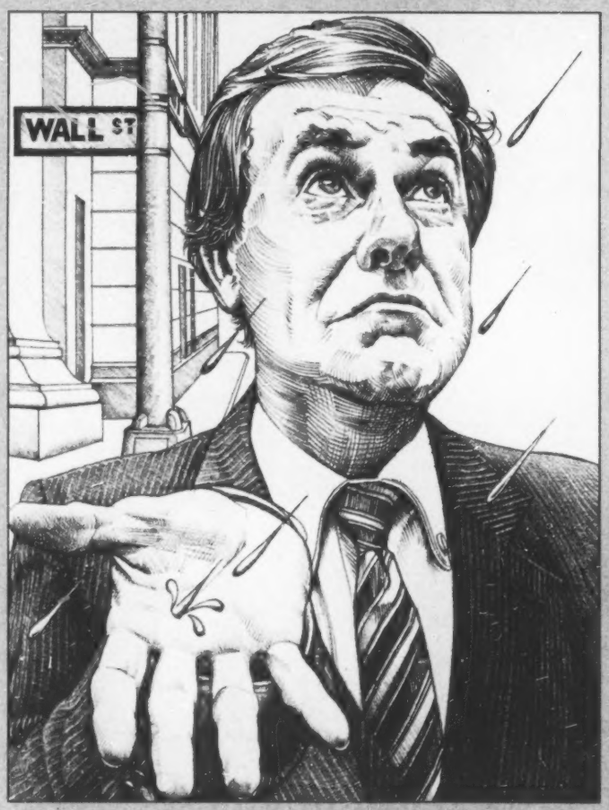

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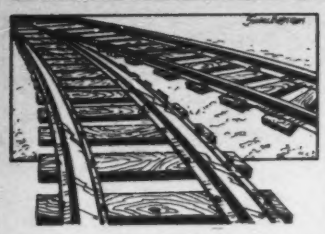


rent fiscal year. Employer contributions decreased 3%, to $137 million; benefits paid out increased 7%, to $145 million from $135 million.

Roughly 85% of total assets, or $735 million, are managed in-house. Fixed income comprises $548 million of in-house assets and short-term instruments make up the remainder.

The fund holds about $69 million, or 8% of total assets, in mortgage-backed securities.

Equity managers: Batterymarch; Delaware Investment Advisors; Miller, Anderson & Sherrerd; Putnam Advisory.

The approximate asset mix as of Sept. 30 was 15% stocks, 56% bonds, 21% cash equivalents and 8% in mortgage-backed securities.

Mellon Bank (which merged with Girard Bank) is the master trustee.

Curtis Townsend, deputy director of finance and acting city treasurer, oversees investments for the fund.

Philip Morris Inc.

($ millions)

Total assets	1,025
Pension	640
Profit-sharing	310
Thrift or savings	75
Employer contributions	110
Benefit payments	20

NEW YORK — Philip Morris added Morgan Grenfell and dropped Siebel Capital Management for equities, and added Scudder, Stevens & Clark for bond management.

Pension assets grew 12% for the year ended Sept. 30; employer contributions for 1984 were up 5.8% and benefit payouts were down 28.6%.

The approximate asset mix was 50% stocks, 30% bonds, 17% cash equivalents and 3% real estate equity.

The in-house investment staff manages $30 million in equities.

Philip Morris has $15 million in an index fund with State Street Bank & Trust, $45 million in dedicated bonds and $150 million in GICs. Also, $25 million are in offshore equity markets and $20 million are in equity real estate.

Equity managers: State Street Research & Management; BEA Associates; Rosenberg Capital; Glickenhaus; Favia Hill; Morgan Grenfell; GeoCapital; Hellman Jordan; Roanoke; Bankers Trust.

Bond managers: Scudder Stevens; State Street Bank and Bankers Trust.

Real estate managers: JMB Institutional; Prudential.

GICs: Equitable.

State Street Bank is the master trustee.

The key personnel are Herbert Millington, deputy treasurer, and Mary Lee Calimano, manager-financial service.

Phillips Petroleum Co.

($ millions)

Total assets	2,055
Pension	1,464
Profit-sharing	0
Thrift or savings	591
Employer contributions	0
Benefit payments	74

BARTLESVILLE, Okla. — Phillips Petroleum Co. had employee benefit assets of $2.055 billion as of Sept. 30, 1984. This is an approximate 8% increase from the $1.906 billion reported the previous year.

Employer contributions to retirement plans at Phillips were eliminated for 1984 because of the overfunded status of the plan, according to treasury officials. Phillips added Forstmann Little as a fixed-income manager, Rogers, Casey & Barksdale for equities and RREEF for real estate in 1984 and dropped T. Rowe Price for equities.

Phillips has $130 million in indexed funds, $160 million in GICs and $30 million in international equities.

Equity managers: Citibank; Morgan Guaranty; MacKay-Shields; Capital Guardian; Barrow, Hanley; Wells Fargo; Travelers; Rogers, Casey & Barksdale.

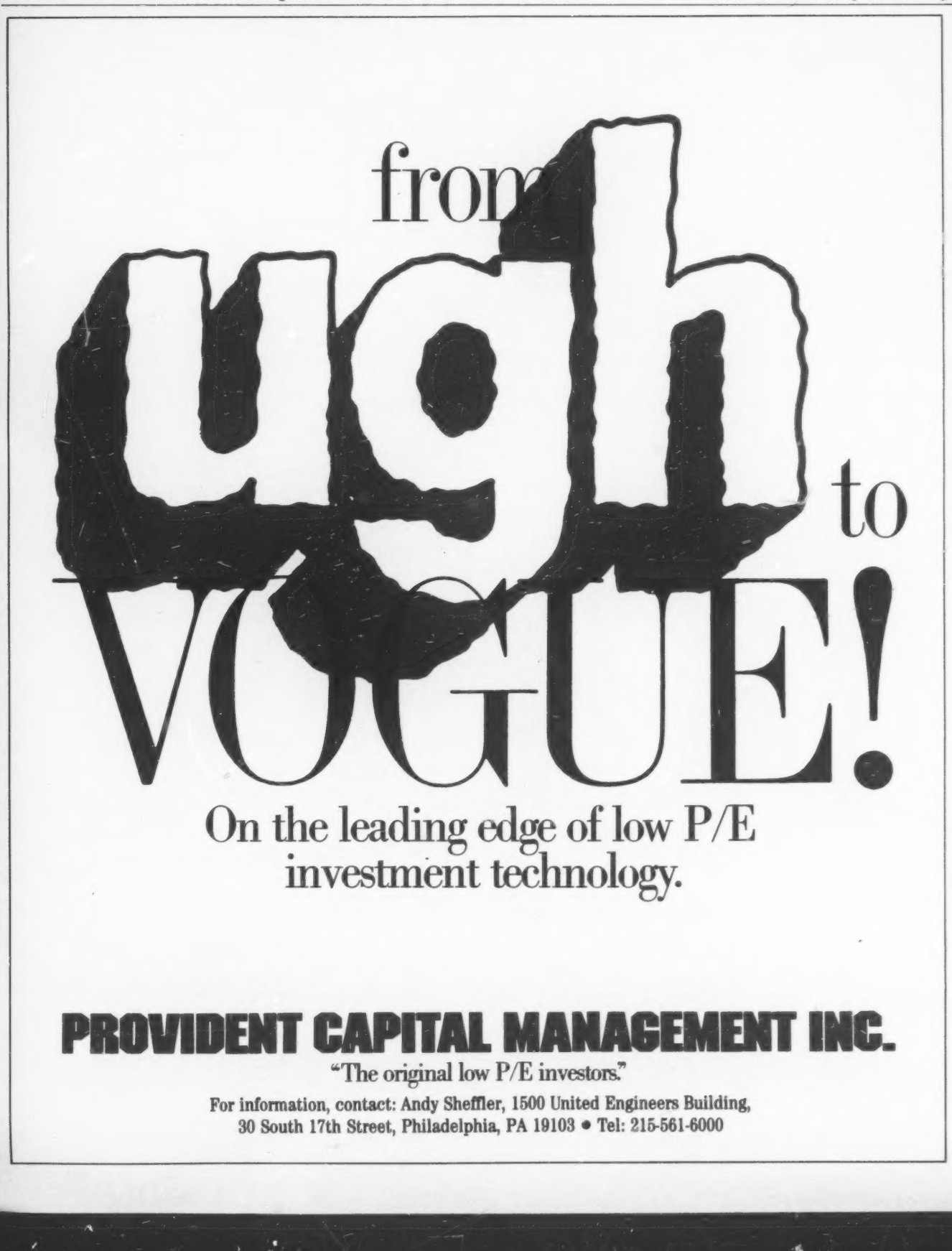
Fixed income: Metropolitan; Citibank; Forstmann Little; MacKay-Shields; Equitable; Travelers; Aetna.

Real estate: Morgan Guaranty; JMB; RREEF; Aetna; Victor Palmieri.

The asset mix as of Sept. 30 was 60% stocks, 6.1% real estate, 1.9% mortgages, 11% GICs and 21% other.

Citibank is master trustee.

Key investment personnel are R.E. Bonnell, vice president and treasurer; C.B. Friley, assistant treasurer; and G.R. Barnett, director-pension investments.



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PPG Industries

($ millions)

Total assets	1,070
Pension	717
Profit-sharing	0
Thrift or savings	353
Employer contributions	40
Benefit payments	64

PITTSBURGH — PPG Industries' total employee benefit assets grew 5% to $1,070 million for the 12 months ended Sept. 30, 1984.

During the period, the company made its first foray into the international equities markets, allocating a total of $14 million to Schroder Capital Management and Morgan Grenfell.

Also in 1984, the fund shuffled its bond managers replacing Brown Brothers Harriman with Pittsburgh National Bank and adding Minton/Newbold's Capital Management.

The company has $340 million in a dedicated or immunized bond fund, and set up a 401(k) plan.

Equity managers: BEA Associates; Equitable; Lipper Analytical Services; Neuberger & Berman; Smith Barney Harris Upham.

Bond managers: The Boston Co.; Equitable; Pittsburgh National; Minton/Newbold's; Prudential.

GICs: Prudential.

International managers: Morgan Grenfell; Schroder.

The approximate asset mix of pension assets as of Sept. 30 was 45% stocks, 46% bonds, 5% cash equivalents, 2% real estate equity and 2% GICs.

Mellon Bank is the master trustee.

Key personnel are L.M. Call, treasurer; Denis W. Chipman, director-pension fund administration; and R. Thomas, assistant treasurer.

Procter & Gamble

($ millions)

Total assets	1,886*
Pension	12
Profit-sharing	1,874
Thrift or savings	0
Employer contributions	146
Benefit payments	na

*as of June 30, 1984

CINCINNATI — Procter & Gamble's employee benefit assets increased 7% in the 12 months ended June 30, 1984, according to the 1985 Money Market Directory.

Of the total employee assets, 62% is in company stock, with 8% in cash equivalents and 30% in GICs.

The primary retirement plan at Procter & Gamble is a defined contribution plan.

GICs: Aetna.

Cash manager: T. Rowe Price; Northern Trust.

The key investment personnel

are E.H. Eaton, treasurer, and R.R. Bidwell, assistant treasurer.

Prudential Insurance Co. of America

($ millions)

Total assets	2,785
Pension	2,785*
Profit-sharing	0
Thrift or savings	0
Employer contributions	50
Benefit payments	110

*P & I Age estimate

NEWARK, N.J. — The employee benefit assets for Prudential Insurance Co. of America totaled $2.6 billion as of Dec. 31, 1983. *Pensions & Investment Age* estimates the assets had grown to $2,785 million as of Sept. 30, 1984.

Employer contributions to the fund should be $50 million for 1984, and benefits paid out to retirees should be $110 million, according to company estimates.

All assets are managed in-house.

International investments totaled $269 million, or roughly 10% of total assets, as of Dec. 31, 1983. About $226 million of that was in equities and $43 million in fixed income.

The approximate asset mix was stocks, 52%; fixed income (including mortgages) 19%; cash equivalents, 10%; and real estate equity, 19%.

Investment decisions for the pension fund are made by a committee of three senior officers.

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Raytheon Co.

($ millions)

Total assets	1,150
Pension	1,100
Profit-sharing	10
Thrift or savings	40
Employer contributions	100
Benefit payments	40

LEXINGTON, Mass. — Raytheon Co.'s pension funds joined an increasing number of tax-exempt funds investing in stock index futures in 1984.

Raytheon put $10 million into one of State Street Bank and Trust Co.'s stock index futures funds.

Also, Raytheon chose Boston Safe Deposit and Trust Co. as master trustee for two pension funds that total about $750 million. Raytheon did not use a master trustee previously.

Raytheon's employee benefit assets totaled $1.1 billion Sept. 30, 1984, down 6% from the $1.2 billion total of a year earlier.

Equity managers: Batterymarch; State Street Research; Dewey Square (First National Bank of Boston); Morgan Guaranty Trust; Bankers Trust; State Street Bank; Fidelity; Fourth National Bank of Wichita; Provident Capital; Wall Patterson McGrew and Hamilton; Massachusetts Mutual Life; Merchants National Bank of Cedar Rapids; John Hancock.

Bond managers: Dewey Square; Morgan Guaranty; Fourth National Bank of Wichita.

Real estate managers: Bank of Boston; Morgan Guaranty; John Hancock; Aetna.

About $70 million is managed in-house: $45 million in equities, $15 million in fixed income and $10 million in short-term investments.

The funds have $100 million indexed, $110 million in dedicated or immunized bond funds, $20 million in GICs, $60 million in real estate equity and $6 million in foreign equities.

There are no investments in venture capital, oil and gas or mortgages.

The asset mix is 60% equities, 25% bonds, 5% real estate equity, 2% cash equivalents, 2% GICs and 6% in an insurance company general account.

Key investment personnel are Herbert Deitcher, vice president and treasurer, and W. Bruce Livingston, manager-employee benefits financing.

RCA Corp.

($ millions)

Total assets	2,500
Pension	2,000
Profit-sharing	0
Thrift or savings	500
Employer contributions	na
Benefit payments	na

NEW YORK — RCA hired Bankers Trust Co. as its master trustee and later dropped the Frank Russell Co. as investment management consultant. For the year ended Sept. 30, RCA's pension assets increased 5.2% while thrift plan assets increased 25%.

While the company declined to disclose amounts, it uses real estate,

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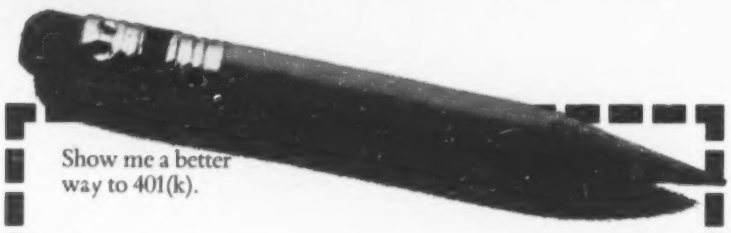

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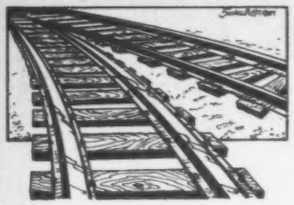

international investment, stock index futures and fixed-income futures.

Managers (according to the 1985 Money Market Directory): Aetna; Batterymarch; Chase Investors; Citicorp Investment; Endowment Management & Research; Equitable; Fidelity International; First Chicago Investment Advisors; John Hancock; Morgan Guaranty; T. Rowe Price; Prudential Asset Management; N.M. Rothschild International; Fayez Sarofim; Scudder, Stevens; State Street Research & Management; and Travelers.

Bankers Trust; Equitable; and Metropolitan Life for the thrift plan.

Pamela W. McCann, assistant treasurer and staff vice president, oversees the fund.

R.J. Reynolds Industries

($ millions)

Total assets	1,582
Pension	1,203
Profit-sharing	12
Thrift or savings	367
Employer contributions	52
Benefit payments	55

WINSTON-SALEM, N.C. — The R.J. Reynolds Industries pension fund assets decreased 1.6%, to $1.2 billion for the year ended Sept. 30, because a subsidiary, Sea-Land Industries, was spun out, taking $69 million in pension assets with it into a newly formed, separate plan.

Employer contributions decreased 45.7% while benefit payments decreased slightly.

During the year, R.J. Reynolds absorbed equity managers Bernstein-Macaulay and Connecticut Bank & Trust from the savings plan of Heublein, a corporate acquisition, and deleted Analytic Investment Management, CIGNA, Dreyfus Managment and E.M. Graves, which had worked for Heublein, and Fayez Sarofim, Forstmann-Leff Associates and Independence Investment Associates, which had worked for Del Monte Corp., another corporate acquisition.

The pension fund is contemplating moving in-house about $100 million in stock and bond assets that now are managed externally.

Gwain H. Gillespie, chief financial officer and senior vice president, was promoted to executive vice president-finance and administration.

The fund has $297.1 million in dedicated bonds, $12.3 million in venture capital and $47.8 million in equity real estate. It uses fixed income futures.

Equity managers: Batterymarch; Capital Guardian; Delaware Investment; MacKay-Shields; Reich & Tang; Warburg Pincus. For the savings plan: Wilkens & Nanovic; Alliance; Bernstein-Macaulay; Connecticut Bank & Trust.

Bond managers: Pacific Investment Management; Scudder, Stevens; Morgan Guaranty; Wachovia Bank & Trust.

Real estate manager: Wachovia.

Guaranteed annuity contract: John Hancock.

The approximate asset mix as of Sept. 30 was 55.7% stocks, 30.3% bonds, 9% cash equivalents, 4% real estate equity and 1% venture capital.

Wachovia is the master trustee.

The key investment personnel are Mr. Gillespie; John W. Dowdle, treasurer and vice president; and Gene H. Hoots, director-fund management.

Rockwell International

($ millions)

Total assets	4,900*
Pension	3,672
Profit-sharing	0
Thrift or savings	1,228
Employer contributions	255
Benefit payments	na

*as of June 30, 1984

PITTSBURGH — Rockwell International's total employee benefit assets increased 16% to $4.9 billion as of June 30, 1984, according to the 1985 Money Market Directory. *Pensions & Investment Age* estimates pension assets increased to $3.7 billion and the employee savings plan to $1 billion. Insured retirement plans are estimated to have $150 million.

Managers (according to the MMD): Beutel Goodman; Capital Guardian; Cashman, Farrell; Chase Investors; CIGNA; First Interstate of California; First Pacific Advisors; Guardian Life; Hotchkis & Wiley; InterFirst Bank of Dallas; Metropolitan Life; PRIMECAP; Fayez Sarofim; Scudder, Stevens & Clark; Seattle First National; Security Pacific National; Security Peoples Trust; Stralem; TransAmerica Investment; Travelers; Waite & Correnti; Western Asset Management.

Savings plan managers are Fiphron & Myers, Los Angeles; National Bank of Detroit; Sarofim; Stralem; Western.

E.W. Alstaetter, staff vice president-pensions, insurance and risk management, oversees the fund.

S

Sandia National Laboratories

($ millions)

Total assets	764
Pension	764
Profit-sharing	0
Thrift or savings	0
Employer contributions	19
Benefit payments	20

ALBUQUERQUE, N.M. — Sandia National Laboratories hired equity manager Capital Guardian, and replaced Bradford Trust as master trustee with Northern Trust during 1984.

Its pension assets rose a slight 1.8% to $763.8 million in the year ended Sept. 30.

Sandia Labs, a defense-related researcher, is a unit of AT&T Technologies; its pension assets are managed separately.

Equity managers: Delaware Investment Advisers; Eberstadt; Capital Guardian; Pioneering; Putnam.

Bond manager: Putnam.

Real estate managers: Prudential; Equitable.

Insurance general account: Prudential.

Its asset mix was 57.5% stocks, 25.1% bonds, 6.5% cash equivalents, 8.9% real estate equity, 2% mortgage-backed securities.

Homer Pierce is manager of benefits and Charles Mika is supervisor of benefits planning and pension fund management.

City and County of San Francisco Employees Retirement System

($ millions)

Total assets	1,700
Pension	1,700
Profit-sharing	0
Thrift or savings	0
Employer contributions	184
Benefit payments	135

SAN FRANCISCO — In mid-year, the San Francisco fund hired four fixed-income managers. MacKay-Shields Financial was given $125 million; Lehman Management, $75 million; and Bankers Trust Co. and Scudder, Stevens & Clark, $50 million each.

Also, DeWitt F. Bowman joined the system as chief investment officer from the California Canadian Bank in San Francisco. He replaced Jack E. Stoufer who resigned to join the California teachers' system.

For the year ended Sept. 30, 1984, pension assets increased just more than 6% to $1.7 billion from about $1.6 billion. Of the total assets, $800 million is invested in-house in fixed income.

Equity managers: Crocker Investment Management; Eaton Vance; Loomis, Sayles; George Springman.

Bond managers: Bankers Trust; Lehman Asset; MacKay-Shields; Scudder, Stevens.

Real estate manager: Coldwell Banker.

Index manager: Great American Core Investors.

The pension asset mix was 22% stocks, 46% bonds, 15% cash equivalents, 5% real estate equity and 12% mortgages.

Bankers Trust Co. is master custodian.

The fund had $100 million in an indexed fund, $90 million invested in real estate equity and about $200 million in mortgages.

Key investment personnel include Mr. Bowman and Diane Gale, assistant chief of investments.

Sears, Roebuck & Co.

($ millions)

Total assets	4,808
Pension	1,549
Profit-sharing	3,259
Thrift or savings	0
Employer contributions	na
Benefit payments	na

CHICAGO — Sears, Roebuck & Co. had $4.8 billion in assets as of Sept. 30, 1984.

The asset mix of the fund is 47.9% stocks, 34.7% bonds, 5% cash equivalents, 2.3% real estate equity, 7% international, and 3.1% venture capital. The fund has $829 million indexed.

All of the fund's assets are managed internally by Sears Investment Management Co.

Continental is master trustee for the fund.

Key personnel are David V. Dootson, president, and Michael Norton, vice president.

Shell Oil Co.

($ millions)

Total assets	4,517
Pension	2,016
Profit-sharing	200
Thrift or savings	2,290
Employer contributions	160
Benefit payments	300

HOUSTON — Shell Oil Co. completed a billion-dollar purchase of 15 GICs in 1984 bringing the total investment in GICs to $1.342 billion. Total assets of the employee benefit program at Shell increased 15.6% for the year ended Sept. 30, 1984, to $4.517 billion from $3.907 billion.

Shell manages $888 million internally, $137 million in equity and $751 million in fixed income.

The fund has $416 million indexed.

Equity managers: Wells Fargo; State Street Research; Dodge & Cox; Kemper Financial; Equitable Life; Fayez Sarofim; Criterion; First City National Bank; Mellon Bank.

Bond manager: Texas Commerce Bank.

Real estate managers: Prudential; John Hancock; Aetna; Equitable.

GICs: Metropolitan; Travelers; New York Life; Aetna; John Hancock; Equitable; Prudential.

The asset mix of the pension fund as of Sept. 30 was 49% stocks, 27% bonds, 3% cash, 13.1% real estate, 0.5% mortgages, 4.4% mortgage-backed securities and 3% GICs.

R.S. MacIntire is plan administrator.

The Signal Companies

($ millions)

Total assets	1,500
Pension	1,000
Profit-sharing	0
Thrift or savings	500
Employer contributions	na
Benefit payments	33

LA JOLLA, Calif. — Total market value of The Signal Companies employee benefit assets was $1.5 billion as of Sept. 30, 1984, which represents no increase in assets from the previous year. Roughly $1 billion are pension assets, with the remainder in an employee savings and stock purchase plan.

In late 1983, the company dedicated its entire pension fund, setting up a $1 billion dedicated bond portfolio to be managed in-house with the help of Wilshire Associates Inc., in Los Angeles. This was done to consolidate the 52 separate employee benefit plans that resulted from Signal's merger with Wheelabrator-Frye.

To accomplish the dedication, Signal took assets from 12 of its money managers. The dropped money managers are Abel Noser; Alliance; First Pacific Advisors; Criterion; Lincoln Capital; Loomis, Sayles; TCW Asset Management; Transamerica Investment; Towneley Capital; MacKay-Shields; Martin Currie; Jennison.

The dedication was done at a 12% rate, with the entire portfolio invested in U.S. Treasury bonds. It was estimated the move would save the company an $250 million in employer contributions in the next five years.

Roughly $33 million will be paid out to retirees in 1984.

The employee savings and stock plan is managed by outside managers.

Equity managers: TCW; Lincoln Capital; Towneley Capital; AmSouth Bank; Wells Fargo Investment Advisors.

Bond managers: Transamerica.

GICs: John Hancock.

The Signal Cos. holds no international investments, venture capital, or oil and gas investments.

Chase Manhattan Bank is the master trustee.

Key investment personnel are Andrew J. Chitea, senior vice president; R.W. Ranch, vice president;

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South Carolina Retirement System

($ millions)

Total assets	3,036
Pension	3,036
Profit-sharing	0
Thrift or savings	0
Employer contributions	151
Benefit payments	131

COLUMBIA, S.C. — Total assets for the South Carolina Retirement System grew more than 14% in the 15 months ended Sept. 30, 1984.

The majority of the funds are invested in bonds and mortgage-backed securities; there are no equity holdings.

The assets are managed in-house, but Jamison, Eaton & Wood acts as an investment adviser.

In 1984, contributions to the fund totaled $151 million and benefits totaled $131 million.

The asset mix was 74% in bonds, 7% in cash equivalents and 19% in mortgage-backed securities.

Key personnel are Grady L. Patterson Jr., state treasurer, and Shakun Tahiliani, investment director.

Southern Co.

($ millions)

Total assets	1,294
Pension	1,029
Profit-sharing	0
Thrift or savings	265
Employer contributions	72
Benefit payments	30

ATLANTA — The Southern Co.'s employee benefit assets as of Sept. 30, 1984, were $1.3 billion, up 3.5% from the previous year. Contributions were $72 million, down from 1983 payments of $95 million.

Balanced managers: Bankers Trust; Citizens & Southern National Bank; First Atlanta; AmSouth; Trust Company Bank.

Real estate managers: Citizens & Southern; First Atlanta; Trust Company Bank.

GICs: Aetna; Travelers; MONY; New England Life.

The approximate asset mix of the pension assets as of Sept. 30 was stocks, 57%; bonds, 29%; cash equivalents, 9%; real estate equity, 0.7%; and GICs, 4.3%.

There is no master trustee.

Key personnel involved in overseeing the investment management of the funds are George B. Campbell, financial vice president, and Ormond W. Frazier, assistant treasurer.

Southern Baptist Convention

($ millions)

Total assets	1,300
Pension	1,300
Profit-sharing	0
Thrift or savings	0
Employer contributions	65
Benefit payments	36

DALLAS — The Annuity Board of the Southern Baptist Convention started phasing out its maturing GICs in 1984, moving the assets into internal bond management.

Previously, the fund had nearly 40% of its assets in GICs. Only three of the fund's six GIC managers remain, although the fund declined to identify them. Managers listed in last year's survey were Aetna; Travelers; Metropolitan Life; John Hancock; Mutual Benefit Life; and Union Mutual Life. Additional insurance contracts will mature in 1985.

Stanley D. Morrow, who became the fund's chief investment executive in midyear, also has beefed up the internal bond staff. About $1 billion in pension assets, including bonds and GICs, are run in-house.

The fund dropped real estate manager Gladstone Associates.

Equity managers: Alliance Capital; Capital Guardian; Morgan Guaranty; Thorndike, Doran, Paine & Lewis; J. & W. Seligman.

Bond manager: Morgan Guaranty.

As of Sept. 30, the asset mix was 20% stocks, 65% bonds and GICs, 10% cash equivalents and 5% mortgages and real estate lease-backs.

RepublicBank Dallas was hired as master trustee, replacing Fiduciary Trust Co.

Mr. Morrow oversees the fund investments.

Southern California Edison

($ millions)

Total assets	1,175
Pension	743
Profit-sharing	0
Thrift or savings	432
Employer contributions	73
Benefit payments	49

ATLANTA — Assets for the Southern California Edison fund increased 15.5% to $1.2 billion as of Sept. 30, 1984.

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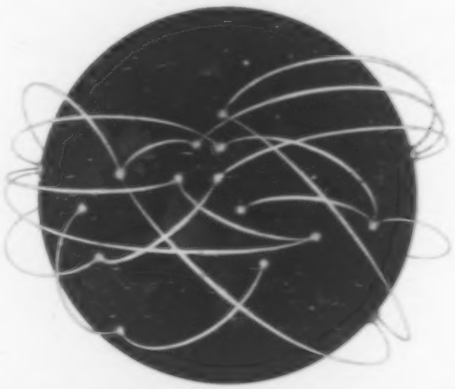

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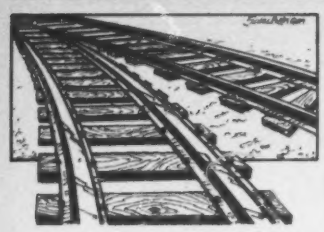

Asset mix for the fund was 55% stocks, 25% bonds, 1% cash equivalents, 1% real estate equity and 17% GICs. The fund had $15 million in international equities and $130 million in GICS.

Equity managers: Batterymarch; Denver Investment; Pacific Investment; Rosenberg; Waite and Correnti; Wentworth, Hauser & Violich.

Bond managers: Pacific Investment Management; Rosenberg.

Real estate manager: Pacific Mutual Realty.

International manager: Batterymarch.

GICs: Connecticut Mutual; John Hancock; Massachusetts Mutual; Metropolitan Life; Northwestern National Life.

Master trustee for the fund is Security Pacific National Bank.

Key personnel include Michael L. Noel, vice president and treasurer, and Lynda L. Faber, assistant treasurer.

Southern New England Telephone Co.

($ millions)

Total assets	930
Pension	830
Profit-sharing	0
Thrift or savings	100
Employer contributions	40
Benefit payments	40

NEW HAVEN, Conn. — Southern New England Telephone reported $930 million in total employee benefit assets as of Sept. 30, 1984, an increase of 7.7% from 1983's $863 million. Of the $930 million, $830 million were pension assets, an increase of 5.7% from 1983.

Contributions to both the pension and savings plans in 1984 were $40 million; $40 million will be paid in benefits.

Equity managers: American National Bank; Capital Guardian; Connecticut National Bank; Analytic Investment Management; Trustee & Investors; Rollert & Sullivan; Barrow, Hanley. For the savings plan: Wells Fargo.

Bond managers: CIGNA; Connecticut National; Equitable.

Real estate managers: CIGNA; Security Capital Real Estate Corp.

Balanced manager: Atalanta/Sosnoff.

As of Sept. 30, the asset mix of pension assets was 63% stocks, 22% bonds, 12% cash and 3% real estate equity.

Southern New England has $193 million of its benefit assets in index funds and $71 million in GICs; $20 million is invested in real estate equity.

The fund uses stock options.

Boston Safe Deposit and Trust is the master trustee.

In 1984, Terry O. Oulundsen was promoted to vice president of regulatory matters from secretary and treasurer. He was succeeded by E. William Kobernusz.

Mr. Kobernusz and Jean M. LaVecchia, assistant secretary and assistant treasurer, are the key investment personnel.

Southwestern Bell Corp.

($ millions)

Total assets	3,590
Pension	3,172
Profit-sharing	0
Thrift or savings	418
Employer contributions	193
Benefit payments	201

ST. LOUIS — Southwestern Bell Corp. had $3.6 billion in assets as of Sept. 30, 1984.

Equity managers: Republic-Bank Dallas; Interfirst Dallas; Boatmen's National; First City, Houston; Texas Commerce.

Bond managers: Jennison; Republic Bank; Interfirst Dallas; Boatmen's National; First City; Texas Commerce; Brown Brothers Harriman.

Real estate manager: AT&T's TREET.

Its asset mix was 61% stocks, 38% bonds and 1% other investments.

Master trustees for the fund are RepublicBank Dallas and Bankers Trust.

Key personnel include L.C. Bailey, executive vice president and chief financial officer; R.M. Geschwind, vice president finance and treasurer; and R.W. Wohlert, assistant treasurer.

Sperry Corp.

($ millions)

Total assets	1,461
Pension	1,461
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	60

NEW YORK — The Sperry Corp. pension fund had total assets of $1.5 billion as of Sept. 30, 1984.

Benefits paid out to retirees are estimated at $60 million for 1984.

Sperry has a 401(k) plan with assets of $693 million as of Sept. 30.

Roughly 51% of the total assets, $750 million, are managed in-house by the company's money management subsidiary, Sperry Capital Management. Of that, $600 million is in stocks, $115 million in fixed income, $25 million in short term and $10 million in other investments.

Balanced managers: Thorndike, Doran; Travelers Investment; Metropolitan Life; INVESCO; T. Rowe-Price; and Sperry.

Roughly $150 million are indexed. Sperry has $5 million in international equity investments, which are managed in-house.

The fund uses stock options and has a $12 million commitment to venture capital.

As of Sept. 30 the asset mix was 65% stocks, 27% bonds and 8% in cash equivalents.

Chase Manhattan Bank is master trustee for the pension fund.

William Rechter, president of Sperry Capital Management, oversees the fund.

Standard Oil Co. (Ind.)

($ millions)

Total assets	3,144
Pension	1,629
Profit-sharing	0
Thrift or savings	1,515
Employer contributions	210
Benefit payments	240

CHICAGO — In 1984, John S. Ruey replaced David E. Tierney as administrator manager-investments at the fund. Mr. Tierney left to start an investment analysis consulting firm.

The fund added several new managers during the year, including Fidelity Management Trust, Franklin Portfolio Associates, McKenzie Walker Investment Management and Solomon Asset Management. It no longer uses Stein Roe & Farnham.

Its assets increased 5.3% to $3.1 billion as of Sept. 30, 1984. Internally managed assets totaled $333 million with $275 million in equity, $18 million in short-term and $40 million in fixed income.

The fund has $140 million indexed, $92 million in international investments, $87 million in real estate equity and $9 million in mortgages.

Equity managers: Dimensional; Chase Manhattan; CMB Investment Counselors; Forstmann-Leff; Fayez Sarofim; State Street Research & Management; Fidelity; Franklin Portfolio; McKenzie Walker.

Bond managers: Hoisington; Pacific Investment Management; Solomon.

Real estate manager: Equitable.

Its asset mix as of Sept. 30 was 66% stocks, 15% bonds, 9% cash equivalents, 5% real estate equity and 5% other.

Chase Manhattan Bank is master trustee.

Key personnel include Philipp W. Binzel, assistant treasurer of investment, and Mr. Ruey.

Standard Oil Co. (Ohio)

($ millions)

Total assets	1,240
Pension	839
Profit-sharing	334
Thrift or savings	67
Employer contributions	135
Benefit payments	112

CLEVELAND — The Standard Oil Co. (Ohio) pension fund raised its assumed rate of return in 1984 to 8% from 7%.

The $1.2 billion in assets reported as of Sept. 30, 1984, was down $55 million or 18.6% from the previous year.

Equity managers: Fred Alger; Investors Research; Jennison; National City Bank; Bernstein-Macaulay; MacKay-Shields; Value Line; Pioneering Management; Templeton Investment Counsel; United Capital.

Bond managers: U.S. Trust Co.; Robert C. Brown; Miller, Anderson & Sherrerd.

Real estate managers: FNB Chicago; John Hancock; Smith Barney; TCW Real Estate.

GIC managers: Metropolitan Life; Mutual of New York.

Asset mix for the fund as of Sept. 30 was 60% stocks, 32% bonds and 8% real estate equity.

The fund reported $28 million in GICs, $63 million in real estate equity and $3 million in venture capital. It does invest overseas, but the amount was not available.

Bankers Trust is master trustee.

Michael A. Williams, assistant treasurer and director of pension investments, oversees investments.

Sun Co.

($ millions)

Total assets	1,381
Pension	1,105
Profit-sharing	0
Thrift or savings	276
Employer contributions	na
Benefit payments	75

RADNOR, Pa. — Sun Co. Inc. added several new equity managers and two international managers in 1984. The equity managers included Management Asset, Sanford C. Bernstein, Helman Jordan and BMI. Morgan Guaranty and G.T. Capital were added as international managers. The fund dropped MacKay-Shields as an equity manager and also dropped Frank Russell Trust and Wilmington Trust as GIC managers.

Equity managers: Miller, Anderson & Sherrerd; Wells Fargo; Analytic Investment Management; Bankers Trust; Jennison; Management Asset; Sanford Bernstein; Helman Jordan; BMI.

Bond managers: Fischer, Francis; Massachusetts Financial; Morgan Guaranty.

International managers: Capital Guardian; G.T. Capital; Warburg Investment Management International; Fidelity Investment Management; Morgan Guaranty.

GICs: Aetna; Hancock; Metropolitan Life; New York Life; Travelers.

Asset mix of the fund as of Sept. 30, 1984, was 54.5% stocks, 17.7% bonds, 4.2% cash equivalents; 14.2% real estate equity and 9.4% GICs.

Bankers Trust is the master trustee.

Harry P. Davis Jr., director benefit plans-investments, and R.L. Veith, manager-benefit plans financial administration, oversee the management of the fund.

Teamsters, Central States, Southeast and Southwest Areas Pension Fund

($ millions)

Total assets	5,169
Pension	5,169
Profit-sharing	0
Thrift or savings	0
Employer contributions	618
Benefit payments	593

CHICAGO — In 1984, Morgan Stanley Inc., as named fiduciary of the Teamsters, Central States fund dropped four managers and hired four fixed-income managers, shifting almost $1 billion.

It dropped equity managers Century Capital and Forstmann-Leff, spliting their assets among the five remaining equity managers.

Also, it dropped fixed-income managers Equitable and Massachusetts Financial Services, hiring four replacements — Fiduciary Trust, Morgan Guaranty, Miller Anderson & Sherrerd and T. Rowe Price.

It retained Eastdil and Thomas L. Karsten Associates to help liquidate some real estate assets.

This January, the Labor Department denied Morgan Stanley's request to run the fund's equities. The company now will have to use outside managers for its restructuring of equities, meaning the shifting of possibly $3 billion in 1985.

Pension assets rose 5.8% to $5.169 billion in the year ended Sept. 30, 1984.

The asset mix was 37% stocks, 33% bonds, 15% cash equivalents,

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2% real estate equity, 8% mortgages and 5% mortgage-backed securities.

Included in the Central States bond allocation are dedicated and immunized bond portfolios totaling $1.030 billion.

The Central States staff runs $70 million in short-term investments in-house.

Equity managers: Alliance Capital; BEA Associates; Equitable; MacKay-Shields; McCowan Associates.

Bond managers: Lincoln Income Group; Mellon Bank; Putnam Advisory; State Street Bank; Fiduciary Trust; Morgan Guaranty; Miller Anderson & Sherrerd; T. Rowe Price.

Real estate managers: Equitable; Victor Palmieri.

The fund, under court agreement, appointed Morgan Stanley named fiduciary in January 1984, giving it authority to determine investment policy and managers. State Street Bank & Trust is the custodian.

The key personnel at Morgan Stanley involved with the fund are Barton M. Biggs and Gordon S. Gray.

At the fund, George W. Lehr is executive director and Terrence S. Moloznik is director of asset monitoring.

Teamsters, Western Conference

($ millions)

Total assets	5,129
Pension	5,129
Profit-sharing	0
Thrift or savings	0
Employer contributions	450
Benefit payments	390

SEATTLE — The Western Conference of Teamsters Pension Trust Fund sold its $1.5 billion common stock portfolio in 1984 to put the money in bonds. The move was part of a plan to dedicate most of the trust assets by 1986, with hopes of eliminating all of its unfunded liability.

It also dropped two equity managers, Aetna Life and Equitable Life.

Assets for the trust increased 10% for the year ended Sept. 30, 1984, to $5.1 billion from $4.7 billion.

The trust's sole manager is Prudential.

Its asset mix as of Sept. 30 was 16.7% stocks, 14.4% bonds, 13.1% cash equivalents, 12.3% equity, 2.4% mortgaged-backed securities and 41.1% in Prudential's general account, which is primarily fixed-income investments.

The trust has $632 million in equity real estate and $2.8 billion in dedicated or immunized bond funds.

James H. Gately, senior vice president at Prudential Asset Management, is the key person overseeing investment of pension trust assets.

Teledyne Inc.

($ millions)

Total assets	848*
Pension	848
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

*as of June 30, 1984

LOS ANGELES — Teledyne Inc. had $848 million in employee benefit assets as of June 30, according to the Money Market Directory. That is a 14% increase from the $742 million *Pensions & Investment Age* estimated the fund had as of Sept. 30, 1983.

All employee benefit assets are managed in-house.

The approximate asset mix as of June 30 was 38% stocks, 58% bonds and 4% cash equivalents.

Key investment personnel are H.E. Singleton, chairman of the board and senior investment officer, and C.E. Rinse, vice president, secretary and treasurer.

Tenneco Inc.

($ millions)

Total assets	1,800
Pension	1,200
Profit-sharing	0
Thrift or savings	600
Employer contributions	135
Benefit payments	115

HOUSTON — Tenneco pulled $100 million in-house in 1984, bringing its pool of internally run assets to $435 million.

At the same time, three bond managers were dropped — Hoisington Investment, TCW Asset Management and U.S. Trust.

Tenneco added four management firms during the year. STW Fixed Income Management and CM&M Asset Management were given fixed-income accounts, while Dimensional Fund Advisors and Pilgrim, Baxter, Hoyt & Greig were brought in as equity managers.

Total employee benefit assets climbed about 14% for the year ended Sept. 30, 1984, to $1.8 billion from just less than $1.6 billion.

Equity managers: Batterymarch; Criterion; Delaware Investment Management; IDS Advisory; Dimensional; Pilgrim Baxter.

Bond managers: RepublicBank Houston; State Street Research and Management; STW; CM&M.

About $65 million in equities and $370 million in fixed income are managed internally through Tenneco Asset Management.

The asset mix of Tenneco's pension fund as of Sept. 30 was about 40% stocks, 49% bonds and 11% cash equivalents.

RepublicBank is the company's master trustee.

Key investment personnel are Dan Watson, president of Tenneco Financial Service; E.L. Jaroski, senior vice president, Tenneco Financial; and Alan Stewart, vice president, Tenneco Financial.

The directory of treasury microcomputer products and services will run March 4.

Tennessee Consolidated Retirement System

($ millions)

Total assets	3,400
Pension	3,400
Profit-sharing	0
Thrift or savings	0
Employer contributions	160
Benefit payments	130

NASHVILLE, Tenn. — H. Swift Lipscomb Jr., the first chief investment officer of the Tennessee Consolidated Retirement System, retired in April after 20 years with the system.

Pension assets for the Tennessee pension fund increased 14.6% dur-

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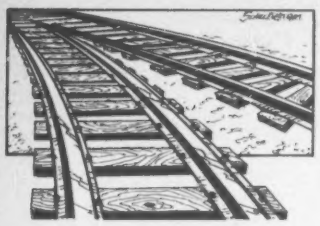

ing the year ended Sept. 30, climbing to $3.4 billion from $2.9 billion.

All of the fund's assets are managed internally. The asset mix as of Sept. 30 was 29% stocks, 56% bonds and 15% short-term investments.

During the year ended Sept. 30, the Tennessee system decreased its commitment in fixed income from 62% last year.

It more than doubled its short-term investments, which were 7% of assets last year.

Tennessee has $35 million invested in international equities, and uses stock and bond options.

Chase Manhattan Bank is the system's custodian.

Dewey Collins Jr. is chief investment officer; Rodney Barber is portfolio manager for the fund.

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Tennessee Valley Authority

($ millions)

Total assets	1,449
Pension	1,390
Profit-sharing	0
Thrift or savings	59
Employer contributions	70
Benefit payments	62

KNOXVILLE, Tenn. — The Tennessee Valley Authority added Aetna Capital Management as an equity manager during 1984.

Pension assets grew 13.6%, contributions grew 1.5% and benefit payments rose 14.8%

The fund has $180 million in index funds, $33 million in dedicated or immunized bond portfolios and $147 million in GICs. Also, $10 million is in oil and gas and $18 million in equity real estate.

The approximate asset mix is 31.3% stocks, 46% bonds, 10.6% cash equivalents, 1.3% real estate equity, 1.4% mortgage-backed securities, 7.9% GICs and 1.5% convertible securities.

Equity managers: Citibank; Aetna Capital; American National Bank.

Bond managers: Citibank; American National Bank; Bank of New York; Commerce Union Bank; First American National Bank (Nashville); First American National Bank of Knoxville; Third National Bank of Nashville.

Real estate managers: Citibank; U.S. Trust.

Eugene Stephens, executive secretary, oversees investment management of the fund.

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Texaco Inc.

($ millions)

Total assets	2,086*
Pension	1,408
Profit-sharing	0
Thrift or savings	678
Employer contributions	70
Benefit payments	na

*P&I Age estimate

WHITE PLAINS, N.Y.— Texaco Inc. reportedly terminated a search for international managers in mid-year.

Pensions & Investment Age estimated Texaco's employee benefit assets increased by about 12% in the year ended Sept. 30, 1984.

Managers (according to the 1985 Money Market Directory): Aetna; Alliance; Analytic Investment; Criterion; Equitable; Harris Associates; INVESCO; John Hancock; Manufacturers Hanover Investment; McCowen Associates; Metropolitan Life; New York Life; Tower Capital; Travelers; Trinity Investment Management.

Chase Manhattan Bank is the master trustee.

The fund is overseen by E.W. Wolahan, treasurer; J. David Keough, senior assistant treasurer; and Gordon L. Mills, manager-benefit plans.

Texas County & District Retirement Systems

($ millions)

Total assets	803*
Pension	803
Profit-sharing	0
Thrift or savings	0
Employer contributions	55
Benefit payments	24

*as of Dec. 31, 1983

AUSTIN, Texas — Assets of the Texas County & District Retirement Systems were $803 million (book value) as of Dec. 31, 1983.

All of the assets are invested internally with the help of Ronald C. Schultz Investments.

The asset mix as of Sept. 30, was 87% bonds, 5% cash equivalents and 8% mortgages.

Key personnel for the fund include J. Robert Brown, executive director, and Terry Horton, comptroller.

Employees Retirement System of Texas

($ millions)

Total assets	2,459*
Pension	2,459
Profit-sharing	0
Thrift or savings	0
Employer contributions	151
Benefit payments	102

*as of Aug. 31, 1984

AUSTIN, Texas — Assets of the Employees Retirement System of Texas increased to $2.5 billion as of Aug 31, 1984, an increase of approximately 4.6% from 1983. All the assets are managed internally.

INVESCO Capital Management Inc. serves as equity adviser to the pension fund, and Duff & Phelps Investment Management Co. serves as a fixed-income adviser.

The approximate asset mix of the fund is 21% stocks, 65% bonds, 6% cash and 8% mortgage-backed securities.

Key personnel overseeing the fund are Clayton T. Garrison, executive director, and Nancy G. Goerdel, investment director.

Texas Instruments

($ millions)

Total assets	850
Pension	550
Profit-sharing	300
Thrift or savings	0
Employer contributions	50
Benefit payments	10

DALLAS — Total employee benefit plan assets at Texas Instruments Inc. were $850 million as of Sept. 30, unchanged from 1983.

TI's pension fund dropped bond manager Hoisington Investment Management Co. and hired Westwood Management Corp. for equities.

The asset mix as of Sept. 30 was 45% stocks, 20% bonds, 20% cash, 5% real estate and 10% in private partnerships.

TI has $10 million in a dedicated bond portfolio and $7 million in venture capital.

Equity managers: Miller, Anderson & Sherrerd; Forstmann-Leff; Herbert R. Smith; Leiber & Co.; Rogers Casey & Barksdale; RepublicBank; McKenzie Walker; Westwood.

Bond manager: Citibank.

Others: Smith Vasiliou; Crossroads Capital; Alan Patricoff.

RepublicBank Dallas is master trustee.

William Green is manager-employee benefit fund investment.

Texas Municipal Retirement System

($ millions)

Total assets	900
Pension	900
Profit-sharing	0
Thrift or savings	0
Employer contributions	70
Benefit payments	28

AUSTIN, Texas — The Texas Municipal Retirement System increased its assets 23% for the year ended Sept. 30, to $900 million from $730 million.

All of the fund's assets are managed internally; Duff & Phelps Inc., Chicago, acts as investment adviser.

Master custodian for the plan is First City Bank, Austin.

The asset allocation as of Sept. 30 was 1% stocks, 98% bonds and 1% cash equivalents.

Overseeing the fund are Jimmie L. Morman, director, and Preston G. Craig, investment officer.

Texas Teacher Retirement System

($ millions)

Total assets	9,753
Pension	9,753
Profit-sharing	0
Thrift or savings	0
Employer contributions	492
Benefit payments	512

AUSTIN, Texas — Total assets of the Teacher Retirement System of Texas increased more than 13% for the year ended Sept. 30, to $9.8 billion.

The system continued to stress its involvement in direct participation real estate deals; it has committed about $905 million to direct participating real estate and had taken down about $267 million of that by Sept. 30.

All of the system's assets are managed internally.

The asset mix as of Sept. 30 was 31% stocks; 39% bonds, 5% cash, 22% mortgage-backed securities and 3% mortgages.

Bruce Hineman is executive secretary of the fund; Clark Manning is investment officer.

Textron Inc.

($ millions)

Total assets	1,147
Pension	863
Profit-sharing	54
Thrift or savings	230
Employer contributions	56
Benefit payments	55

PROVIDENCE, R.I. — Employee benefit assets at Textron grew 3% to $1.15 billion during the year ended Sept. 30, 1984.

Balanced managers: Continental Illinois; Harris Trust; Hospital Trust Investors.

Almost 71% of the $863 million in pension assets are managed in-house. Those assets are invested in equity, $153 million; fixed income, $190 million; short-term, $80 million; and $189 million in private placements and mortgages.

Contributions to the fund dropped to $56 million in 1984 from 1983's $68 million. Benefit payments held steady at $55 million.

The fund has $20 million invested in oil and gas holdings.

The approximate asset mix of the pension assets as of Sept. 30 was stocks, 25%; bonds, 31%; cash equivalents, 13%; real estate equity, 1%; mortgages, 16%; and private placements, 14%.

There is no master trustee.

Richard A. Watson, vice president-investment, oversees the investment management of the fund.

Trans World Airlines

($ millions)

Total assets	1,857
Pension	1,801
Profit-sharing	0
Thrift or savings	56
Employer contributions	102
Benefit payments	168

NEW YORK — Trans World Airlines appointed two managers to run portions of its trust annuity plan for pilots last July.

Mellon Capital Management and Leland O'Brien Rubinstein Associates each received redistributions from balanced accounts managed by Morgan Guaranty Trust, Putnam Advisory and State Street Research & Management.

Leland O'Brien is operating a hedging program to protect returns on equity assets, while Mellon is running an equity index fund.

Total assets of the fund grew approximately 2% in the year ended Sept. 30, to $1.9 billion.

The pension assets grew by just $1 million to $1.8 billion. The company made contributions to all funds of $102 million, and benefits of $168 million were made.

Equity managers: American National Bank; Equitable; Estabrook; Fort Hill; McGlinn Investment; J.P. Morgan; Phelan Capital; Putnam Advisory; Scudder, Stevens; State Street Research; Torray Clark; Vaughan Nelson; Wells Fargo.

Bond managers: Fort Hill; McGlinn; J.P. Morgan; Phelan; Scudder, Stevens.

Real estate managers: Aetna; Citibank; Coldwell Banker.

GICs: Aetna; Equitable; Mercer-Meidinger; New England Life.

Index futures managers: Leland, O'Brien.

The approximate asset mix was 53% in stocks, 6.8% in bonds, 13.7% in cash equivalents, 1.3% in real estate equity, 11.4% in GICs and 13.8% in general insurance.

Key personnel are R.A. Peiser, senior vice president and treasurer; J.F. O'Neil, assistant treasurer; and G.D. Dilley, manager of pension fund investments.

Travelers Corp.

($ millions)

Total assets	1,110
Pension	838
Profit-sharing	0
Thrift or savings	272
Employer contributions	70
Benefit payments	32

HARTFORD, Conn. — Travelers Corp.'s employee benefit assets increased nearly 12% in 1984, to $1.1 billion from the $993 million reported Sept. 30, 1983.

Of this amount, $838 million was in pension assets and $272 million was in thrift or savings plans.

Contributions and benefit payouts also increased, to $70 million and $32 million, respectively, from 1983's $65 million and $28 million.

All of the pension assets are managed internally by Travelers Investment Management Co.

The fund's asset allocation as of Sept. 30 was 32% stocks, 47% bonds, 6% cash, 7% real estate equity, 3% mortgages and 5% international equities.

Travelers has $150 million in GICs. Of its $50 million invested internationally, $40 million is in eq-

uity and $10 million in fixed income. The insurer has $58 million invested in real estate equity and $25 million in mortgages. Its master trustee is Connecticut National Bank.

In May, C. Roderick O'Neil left as chief investment officer and chairman of the investment committee to join Alan Greenspan in launching a new money management firm, Greenspan O'Neil Inc.

Key personnel include Harvey Saffeir, senior vice president of Travelers Insurance; Kevin Bradley, chairman of TIMCO; and Girish Reddy, vice president at TIMCO.

TRW Inc.

($ millions)

Total assets	1,336
Pension	1,230
Profit-sharing	0
Thrift or savings	106
Employer contributions	100
Benefit payments	87

CLEVELAND — TRW Inc.'s internally managed pension portfolio increased 30.5% — $68.3 million — during the year ended Sept. 30. At the same time, total employee benefit assets rose to $1.3 billion from $1.2 billion — or 7.8%.

The company manages $292 million internally through TRW Investment Management. Of that, $253 million was invested in equities, $11 million in bonds and $28 million in cash as of Sept. 30.

Equity managers: Endowment Management & Research; Fred Alger; Campbell Advisory; L.F. Rothschild; Alliance.

Bond managers: Pacific Investment; Hoisington; MacKay-Shields.

International managers: Ivory & Sime; Baring.

Venture capital manager: Weiss, Peck & Greer.

The approximate asset mix of TRW's pension assets was 65.4% stocks, 18.7% bonds and 15.9% cash equivalents.

Boston Safe Deposit & Trust is its master trustee.

Edward Button, president of TRW Investment, Robert Hamje, vice president, and John Jostrand, analyst, oversee investments for the fund.

u

Union Carbide Corp.

($ millions)

Total assets	2,500
Pension	2,500
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	147

DANBURY, Conn. — The total assets of Union Carbide Corp.'s pension fund have increased 4%, to $2.5 billion, as of Sept. 30, 1984, from $2.4 billion the previous year.

The company estimated benefit payouts in 1984 would total $147 million.

Stock and bond index options and stock and bond index futures are used by the pension fund.

All assets are managed internally with 17% in stocks, 64% fixed income (bonds and mortgages), 17% in cash equivalents, and 2% in real estate equities.

Manufacturers Hanover Trust Co. is master trustee for the fund.

James A. O'Connell, assistant treasurer and director, oversees the pension fund.

United Air Lines Inc.

($ millions)

Total assets	3,500
Pension	3,500
Profit-sharing	0
Thrift or savings	0
Employer contributions	na
Benefit payments	na

CHICAGO — In 1984, the United Air Lines fund committed $20 million to Nikko International Capital Management to invest in Japanese equities.

Also, Robert Gillette, formerly with Emerson Electric Co., joined the United Air Lines fund as pension assets administrator.

Assets for the fund increased 1.04% to $3.5 billion as of Sept. 30.

Equity managers: CIGNA; Jennison; Pioneering; Fayez Sarofim; Sit; Stralem; Trust Co. of the West; Batterymarch; Lincoln; Thorndike; Trinity; Wells Fargo.

Bond managers: Morgan Grenfell; Discount Corp.; Harris.

Real estate managers: La Salle Partners; RREEF; Pacific Mutual.

International managers: G.T. Capital; Capital Guardian; Baring; Morgan Grenfell; Nikko; Yamaichi.

Master trustee is Harris Bank.

Key personnel include Mr. Gillette and John Batten, vice president and treasurer.

United Methodist Pension Fund

($ millions)

Total assets	1,578
Pension	1,578
Profit-sharing	0
Thrift or savings	0
Employer contributions	160
Benefit payments	115

EVANSTON, Ill. — The United Methodist Pension Fund hired three bond managers and one equity manager in 1984.

The new bond managers are Lincoln Capital Management, STW Fixed Income Management and Criterion Investment Management. The equity manager is John McStay Associates.

The fund's assets rose about 4%, to just less than $1.6 billion from $1.5 billion for the 12 months ended Sept. 30, 1984.

A total of $260 million, all in fixed income, is managed in-house.

The fund has $205 million indexed, $28 million in dedicated or immunized bond funds and $240 million in GICs. A total of $33 million is in real estate equity and $2 million is in mortgages.

Equity managers: American National Bank; Capital Guardian; Century Capital; Chase Investment; Cole, Yeager; Delaware Investment Advisors; Frontier Capital; David J. Greene; INVESCO; Putnam; M.D. Sass; John McStay.

Bond managers: CIGNA; Stein Roe; Lincoln; Criterion; STW.

Real estate managers: CIGNA; JMB.

The asset mix as of Sept. 30 was 54.5% equities, 25% bonds, 18% cash equivalents, 15.2% GICs, 2.4% real estate equity and 0.1% mortgages.

Gerald K. Hornung is general secretary of the fund, James F. Parker is treasurer and Gale Whitson-Schmidt is assistant treasurer.

A special report on 401(k) plans will be published in the April 15 edition.

United Mine Workers of America Health & Retirement Funds

($ millions)

Total assets	2,784
Pension	2,784
Profit-sharing	0
Thrift or savings	0
Employer contributions	528
Benefit payments	397

WASHINGTON — The United Mine Workers of America Health & Retirement Funds juggled the fixed-income manager lineup in 1984. Hired to run bond accounts for the $2.78 billion in pension assets were T. Rowe Price Associates; Loomis, Sayles & Co.; STW Fixed Income; and Morgan Guaranty.

In addition, CM&M Asset Management was selected to run a bond account formerly managed by Fidelity Bank; Lacy Hunt, Fidelity's former chief economist, set up the CM&M unit.

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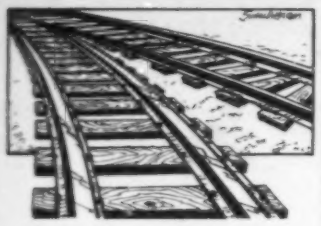

The fund also dropped Manufacturers Hanover and Hoisington Investment Management as bond managers. The fund hired Tower Capital to run an equity account in late 1983.

On the real estate side, the fund committed to Goldman, Sachs' new open-end fund and to The RREEF Funds. John Hancock Mutual Life was dropped.

Equity managers: Argus; Batterymarch; Denver Investment Advisors; F.I.A.; Pioneering Management; Thompson, Siegel & Walmsley; Tower; Torray & Clark; Warburg, Pincus.

Bond managers: Argus; CM&M; Criterion; Degnan & Gillespie; Lehman; Loomis, Sayles; Morgan Guaranty; T. Rowe Price; STW.

Real estate managers: Equitable; Goldman, Sachs; Metropolitan; Prudential; RREEF; State Street Research; TCW Realty.

Cash manager: Bankers Trust.

The fund uses fixed-income futures.

As of Sept. 30, pension assets had grown 10.3% from a year earlier, rising to $2.78 billion from $2.52 billion.

The asset mix was 36% stocks, 41% bonds, 15% cash equivalents, 5% real estate equity and 3% mortgage-backed securities.

Boston Safe Deposit & Trust Co. is the custodian.

Herbert L. Dyer, executive director, and Linda R. Taylor, chief investment officer, oversee investments.

April 15: A 401(k) special report.

United Nations Joint Staff Pension Fund

($ millions)	
Total assets	3,610
Pension	3,610
Profit-sharing	0
Thrift or savings	0
Employer contributions	380
Benefit payments	320

NEW YORK — The United Nations Joint Staff Pension Fund increased 6% to $3.6 billion, as of Sept. 30, 1984, from $3.4 billion a year earlier.

It is estimated employer contributions to the fund will total $380 million for 1984, and benefits paid out to retirees, $320 million.

The fund is managed in-house, with the advice of Fiduciary Trust Co. of New York.

Roughly 34% of total assets, or $1.3 billion, is invested internationally. Of that, 51% or $663 million, is in foreign equities, 47% or $611 million is in overseas fixed income, and 2% or $24 million is in other types of securities.

The fund holds $367 million, 10.5% of total assets, in real estate equities in the United States, Europe and Australia.

The pension asset mix is: 54% stocks, 34% bonds, 1.5% cash equivalents, 10.5% real estate equity.

Key investment personnel are: Timothy P. Prince, chief of the investment section; E. Charles Stockmar, senior investment officer; Henry Ouma, investment officer; and Sigrid Focke, investment officer.

United Presbyterian Church Pension Board (USA)

($ millions)	
Total assets	965
Pension	926
Profit-sharing	0
Thrift or savings	39
Employer contributions	48
Benefit payments	44

PHILADELPHIA — Pension assets at the United Presbyterian Church Pension Board increased almost 4% during the year ended Sept. 30, to $962 million from $892 million.

The church has $964.6 million in employee benefit assets, including $38.4 million reserved for retirement residences, benefits supplements and endowments.

During the year, the Presbyterian Church Pension Board hired CIGNA for a $25 million real estate commitment. It also gave Templeton Investment Counsel a global investment account, with the objective of having the manager outperform the Templeton World Fund, a manager since 1980.

Equity managers: Fred Alger; Froley, Revy; J.P. Morgan; Wells Fargo Investment Advisors.

Bond managers: Robert C. Brown; CM&M Asset; J.P. Morgan.

GICs: Aetna; John Hancock; Travelers.

Real estate manager: CIGNA.

Global manager: Templeton.

The fund has $12.5 million invested internally: $7.5 million in fixed income and $5 million in short-term instruments.

About $160 million of the fund is indexed, almost $218 million is in GICs and $7.5 million is in dedicated or immunized bond portfolios.

More than $32 million is invested in international equities and a modest $250,000 is committed to venture capital. The fund also uses stock index futures.

The fund's approximate asset mix as of Sept. 30 was 51.8% stocks, 12.3% bonds, 10.9% cash equivalents, 2% equity real estate and 23% GICs.

Wm. Irwin Arbuckle, II, vice president-finance and treasurer, oversees investments.

United Technologies Corp.

($ millions)	
Total assets	4,631*
Pension	3,735
Profit-sharing	0
Thrift or savings	896
Employer contributions	195
Benefit payments	112

*P&I Age estimate

HARTFORD, Conn. — During 1984, United Technologies Corp. sought approval from the Department of Labor to place its headquarters as a $52 million contribution to the pension fund.

The fund restructured its management team, splitting the administrative and investment functions. Also, Beverly Lannquist was assigned to the newly created position of vice president in charge of pension investments. Earlier in the year, Charles Lard, assistant treasurer-pension investments, left to form an alternative investment management firm.

Equity managers: NSR Asset; Jennison; BEA; Citibank; CIGNA; Delaware Investment; Forstmann-Leff; Lehman.

Real estate managers: Eastdil; Landauer; CIGNA.

International managers: Batterymarch; ABD; Nomura.

All managers are according to the Money Market Directory.

The fund had $221 million invested overseas, $205 million in equities and $16 million in fixed income. The fund also has $164 million in real estate equity.

It had $59 million in dedicated or immunized bond funds and $25 million in GICs.

The approximate asset mix of the pension assets as of Dec. 31, 1983, was stocks, 40.4%; bonds, 3.4%; cash equivalents, 8.5%; real estate equity, 4.8%; mortgages, 0.4%; GICs, 0.8%; and annuities, 41.7%.

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Key personnel involved in overseeing the investment management

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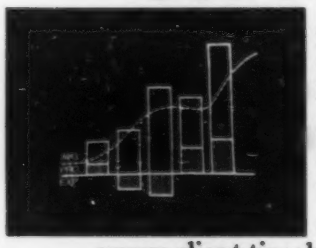

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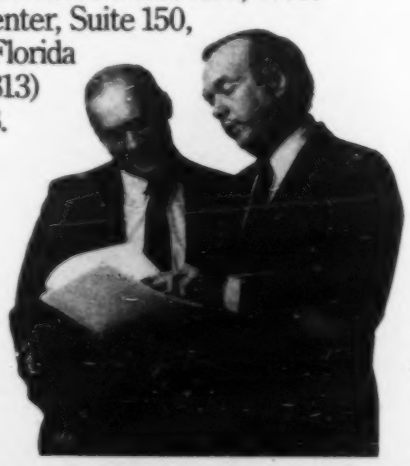

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of the funds are Beverly L. Hamilton, vice president-pension investments; and Carl W. Strayer, director-pension investments.

Unocal Corp.

	($ millions)
Total assets	1,194
Pension	815
Profit-sharing	379
Thrift or savings	0
Employer contributions	64
Benefit payments	62

LOS ANGELES — Beutel, Goodman Capital Management and Pilgrim, Baxter, Hoyt, Greig are new equity managers and Criterion Investment Management is a new bond manager for the pension fund at Unocal Corp., which also changed its name, from Union Oil Co. of California.

The fund dropped Dreyfus Management in equities, Fidelity Bank in bonds and Equitable Life Assurance in real estate.

Pension assets grew 3.8%, employer contributions dropped 14.7% and payouts to beneficiaries rose 31.9%.

The approximate asset mix as of Sept. 30 was 42% stocks, 8% bonds, 15% cash equivalents, 5% real estate equity, 1% mortgage-backed securities, 25% immediate participation guarantee insurance contracts and 4% accrual of contributions. Unocal has $35 million in overseas equity markets, $7 million in venture capital and $40 million in equity real estate.

Equity managers: Beutel, Goodman; Delaware Investment; Hellman, Jordan; IDS Advisory; Lincoln Capital; Pilgrim Baxter; Siebel Capital; Stralem.

Bond managers: Criterion; Hoisington.

Real estate managers: Aetna; First Chicago Investment; Prudential Asset Management.

International managers: Kleinwort Benson; Martin Currie.

Northern Trust is the master trustee.

George Hanks, assistant comptroller, oversees fund investment.

U.S. Steel and Carnegie Pension Fund

	($ millions)
Total assets	6,850
Pension	6,850
Profit-sharing	0
Thrift or savings	0
Employer contributions	202
Benefit payments	795

NEW YORK — The U.S. Steel and Carnegie Pension fund's assets declined by almost $500 million in the year ended Sept. 30, as benefit payments continued to far exceed contributions.

The fund paid out $795 million to beneficiaries while contributions totaled $202 million. The excess of benefit payments to contributions arises because layoffs in the steel industry have increased the number of retirees collecting benefits while reducing the company's annual contribution, which is tied to employment levels.

All of the fund's assets are managed internally.

The company declined to give an asset mix, but sources put the equity assets at about $4.3 billion and real estate assets at about $245 million, of which about $155 million is in real estate equity, $35 million in Ginnie Maes, $45 million in real estate property trusts and $10 million in residential mortgages.

In addition, the fund is believed to have at least $200 million in international investments.

Graham O. Harrison, president, and John Van Deusen, vice president, oversee the fund.

U S WEST

	($ millions)
Total assets	2,944
Pension	2,494
Profit-sharing	0
Thrift or savings	450
Employer contributions	193
Benefit payments	229

ENGLEWOOD, Colo. — U S WEST inherited $2.3 billion in employee benefit assets from AT&T early in 1984 following divestiture from the parent company and expects to receive an additional $1.7 billion in 1985.

Total assets on Sept. 30, 1984, were $2.9 billion.

The fund has approximately $150 million invested in venture capital and about $457 million in indexed funds.

Equity managers: Capital Guardian; Dean Witter Intercapital; Clarens Associates; David J. Greene; First Asset Management; United Capital Management; Wells Fargo; First Manhattan Co.

Bond managers: Jennison; Capital Guardian; Fayez Sarofim.

Venture capital: Citibank; Denver Investment; First Asset Management.

Real estate: Jones Lang Wootton; TCW Realty; LaSalle Fund II. On Sept. 30, the asset mix was 31% bonds, 55% stocks, 13% cash and 1% mortgages.

Boston Safe Deposit & Trust Co. is master trustee.

James Biundo is director-trust investment management.

Utah State Retirement Fund

	($ millions)
Total assets	1,783
Pension	1,783
Profit-sharing	0
Thrift or savings	0
Employer contributions	76
Benefit payments	42

SALT LAKE CITY — The Utah State Retirement Fund increased its assets 7.7% during the year ended Sept. 30, growing to about $1.8 billion.

During the year, cities and counties that had withdrawn from the fund in 1982 returned to the fold after compromises were enacted by the Utah Legislature. However, some of the participants said they intend to continue attempts to withdraw and set up their own retirement plans.

About 63% — or $1.1 billion — of the fund's assets are managed internally. Of that, $201 million is in equity, $750 is in fixed income, $118 million is in short-term investments and $37 million is in other investments.

The Utah fund has $135 million in an index fund. It also uses options.

Equity managers: Atalanta/Sosnoff; Capital Consultants; Smoot Knoche; Value Line; Wasatch Advisors.

Real estate managers: F.I.A. Associates.

The Utah State Retirement Fund's asset mix as of Sept. 30 was 34% stocks, 42% bonds, 12% cash equivalents, 7% real estate equity, 1% mortgages and 4% mortgage-backed securities.

Chemical Bank is custodian.

W. Dan Smith is investment officer; Richard Cherry is assistant investment officer.

V

Virginia Supplemental Retirement System

	($ millions)
Total assets	3,595
Pension	3,595
Profit-sharing	0
Thrift or savings	0
Employer contributions	348
Benefit payments	228

RICHMOND, Va. — The Virginia Supplemental Retirement System went through three chief investment officers in 1984.

Jonathan P. White resigned

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abruptly in January; Robert Daniels, who then became acting director of investments, left several months later because of illness. Robert F. Vandell, a University of Virginia business professor who came on board during summer, returned to his full-time professorial duties this month, though he will continue as a consultant to the fund.

Timothy R. Barron, the assistant director who joined the fund from the Richmond Supplemental Retirement System earlier in the year, is expected to be named chief investment officer.

In addition, the fund invested nearly $143 million in an equity index fund run by Mellon Capital Management.

Equity managers: Batterymarch; Delaware Investment Advisers; IDS Advisory; Lincoln Capital; MPT Associates; MacKay-Shields; Putnam; Mellon Capital; Wells Fargo Investment Advisors.

Bond manager: Massachusetts Financial Services.

Real estate managers: Equitable Life; LaSalle; Prudential; and RREEF.

Assets increased to $3.595 billion as of Sept. 30, up 9.8% from the year before. Contributions and benefit payments were estimates for the year ended June 30, 1985.

The asset mix was 54.9% stocks, 26.8% bonds, 6% cash equivalents, 6.2% real estate equity, 6% mortgage-backed securities and 0.1% in state buildings.

Sovran Bank is the custodian.

W

Washington State Investment Board

($ millions)	
Total assets	5,400
Pension	5,4000
Profit-sharing	0
Thrift or savings	0
Employer contributions	500
Benefit payments	na

OLYMPIA, Wash. — The Washington State Investment Board increased its commitment to venture capital in 1984, making $91 million in commitments to six venture capital partnerships. The investment brings its total commitment to venture capital to $127 million for the board.

In two of the new partnerships, Evergreen I and II, the Washington board is the sole limited partner and it has committed $25 million to each fund. Brentwood Associates is the general partner for one of the Evergreen partnerships and John Hancock Venture Capital Corp. is the general partner for the other.

The board also committed $20 million to Menlo Venture III partnership, $15 million to Brentwood Associates IV, $4 million to Paragon Partners and $2 million to Pierce Nordquist Partners.

Also in 1984, David Weig, formerly chief economist with the state's office of financial management, replaced David Lodefink as deputy director of the board. Mr. Lodefink opened his own investment counseling firm.

Pension assets for the board increased 8% during the 12-month period ending Sept. 30, increasing to $5.4 billion from $5 billion a year earlier.

Equity managers: Hotchkis & Wiley; Batterymarch; Columbia Management; Schafer Capital; Torray Clark; United Capital Management.

Real estate managers: Equitable; Prudential; Smith Barney; Pacific Mutual; RREEF; Copley.

Bonds are managed in-house.

As of Sept. 30, the board had $2.349 billion in stocks, $2.157 billion in bonds, $477 million in real estate equities, $127 million committed to venture capital and $176 million in leveraged buy-outs.

The asset mix was 50% stocks, 35.9% bonds, 10% cash equivalents, 2.8% leveraged buy-outs and venture capital and 1.3% real estate.

The state treasurer's office serves as custodian.

John Hitchman is executive director.

Westinghouse Electric Corp.

($ millions)	
Total assets	3,650
Pension	3,100
Profit-sharing	0
Thrift or savings	550
Employer contributions	145
Benefit payments	300

PITTSBURGH — Total employee benefit assets at Westinghouse Electric Corp. increased about 4.3% to $3.65 billion, as of Sept. 30, from $3.5 billion the previous year. Of the total, $3.1 billion are pension assets and $550 million are thrift or savings assets.

The employer contribution will be $145 million this year, which is a 7% decline from the $156.5 million of a year earlier. The benefits paid out to retirees should come to $300 million this year, which is a 36% increase from 1983's $220 million.

Westinghouse manages roughly 63%, or $2,295 million, internally through its investment management subsidiary, Westinghouse Pension Investments. The in-house asset mix stands at: 20% or $470 million in equities; 22% or $495 million in short-term investments; and 58% or $1.33 billion in fixed income.

The pension fund uses both stock and bond options and stock and bond index futures as hedging devices.

It holds $350 million in GICs. Roughly $20 million is committed to venture capital investments.

Equity managers: Provident Capital; Stralem; Manufacturers Hanover Investment Corp.; Pittsburgh National Bank.

Real estate managers: Equitable; Citibank; Mellon; FNB Chicago.

The approximate asset mix was 24% stocks, 39% bonds, 13% cash equivalents, 12% real estate equity, 2% mortgages and 10% GICs.

Mellon Bank is master trustee.

Key investment personnel are: R.V. Billings, vice president of investments; T.A. Gudiness, director pension funds; and B.N. Dorsett, president of Westinghouse Pension Investments.

West Virginia Board of Investments

($ millions)	
Total assets	1,265
Pension	1,265
Profit-sharing	0
Thrift or savings	0
Employer contributions	92
Benefit payments	122

CHARLESTON, W. Va. — The West Virginia Board of Investments hired Pittsburgh National Bank's risk control group to run $280 million in the teachers', judges' and public safety employees' retirement systems.

Loomis, Sayles retained management of the $580 million public employee fund, but lost control of $585 million from the workmen's compensation fund to Scudder, Stevens & Clark.

In addition, the board invested $50 million in collateralized mortgage obligations based on mortgages bought from in-state thrift institutions.

Bond managers: Loomis, Sayles; Pittsburgh National.

The fund uses fixed-income futures.

Of the $1.27 billion in pension assets the board oversees, $415 million was managed internally. The fund does not invest in equities.

As of Sept. 30, the asset mix was 75% bonds, 9% cash equivalents, 9% mortgages and 7% mortgage-backed securities.

Kathryn M. Lester is director of investments; Phyllis White, Mary Hudson and Diana Will are investment officers.

Wisconsin State Board of Investment

($ millions)	
Total assets	8,692
Pension	8,692
Profit-sharing	0
Thrift or savings	0
Employer contributions	500
Benefit payments	300

MADISON, Wis. — The Wisconsin State Board of Investment moved into real estate equity for the first time during the summer.

It also purchased at least 5% of six companies near the end of the first half of 1984 in an attempt to improve its performance results and to look at some new companies.

The investment board increased its assets by about 10% in the year ended Sept. 30, to $8.7 billion from $7.9 billion.

All of the assets are managed in-house with $3.9 billion in equities, $4.1 billion in fixed income, $542 million in short-term investments, and $184 million in real estate.

The fund's asset mix was 45% stocks, 41.9% bonds, 6% cash equivalents, 0.1% real estate equity, 2% mortgages and 5% mortgage-backed securities.

Morgan Guaranty is master trustee.

Kenneth Codlin is executive director.

World Bank

($ millions)	
Total assets	1,189
Pension	1,189
Profit-sharing	0
Thrift or savings	0
Employer contributions	72
Benefit payments	na

WASHINGTON — The World Bank Staff Retirement Plan, bucking the trend, cut its indexed equity investments by more than half in 1984. As of Sept. 30, indexed assets dropped to $255 million from $545 million a year earlier.

The fund also invested in venture capital partnerships run by Warburg, Pincus Capitol Partners and Mayfield Fund V, according to reports. The fund had $26 million invested in venture capital as of Sept. 30, World Bank officials said.

The $1.19 billion pension fund also committed assets to Property Capital Trust, a real estate investment trust.

The bank declined to reveal the names of its managers. However, sources say they include:

Equity managers: Grantham, Mayo, Van Otterloo; Meridian Management; Quest Advisory; Torray & Clark; State Street Bank; Tower Capital; Wells Fargo Investment Advisors.

Bond managers: AIM Capital; Robert C. Brown; First Investors Asset Management; Fischer, Francis, Trees & Watts; MacKay-Shields.

Real estate manager: State Street Bank.

International managers: Grantham, Mayo; Morgan Guaranty; State Street Bank.

The fund also uses State Street's SPIFF fund, an index fund that uses stocks and futures.

As of Sept. 30, the pension assets increased 13.7% from the year before, growing to $1.19 billion from $1.046 billion.

The asset mix was 72.2% stocks, 24% bonds, 0.2% cash equivalents; and 3.6% real estate equity.

State Street Bank is master trustee.

Key personnel are Hilda Ochoa, chief, pension investment division, and Farida Khambata and George Alvarez-Correa, investment officers.

X

Xerox Corp.

($ millions)	
Total assets	1,611
Pension	145
Profit-sharing	1,210
Thrift or savings	256
Employer contributions	78
Benefit payments	37

STAMFORD, Conn. — Xerox Corp. dropped two managers in 1984 and brought in four.

The company dropped Ivory & Sime as an international manager. It also terminated its junk bond account with Eberstadt Asset Management when the manager was folded into the operations of its new owner, Alliance Capital Management.

The Eberstadt account was turned over to William Huff, a former Eberstadt fixed-income manager who is launching his own firm. Xerox also hired Jennison Associates as a bond manager; Grantham, Mayo, Van Otterloo for international; and Tweedy, Browne for equities in 1984.

Xerox had total employee benefit assets of $1.6 billion as of Sept. 30. That figure does not include $75 million in long-term disability and supplemental unemployment benefit assets.

International investments total $108 million — $99 million in equities and $9 million in fixed-income. In addition, Xerox has $177 million committed to equity real estate and $7 million committed to oil and gas estments. About $251 million is in GICs.

Equity managers: Batterymarch; Trust Co. of the West; Rosenberg Capital; Citibank; First Pacific Advisors; Schafer Capital; Management Asset Corp.; Investors Research; Siebel Capital; Hellman, Jordan; Brokaw Capital; Carter Oak Partners; Tweedy, Browne; Thorndike, Doran.

Bond managers: Jennison Associates; Solomon Asset; Rosenberg Capital; and W.R. Huff.

International managers: Capital Guardian; G.T. Capital; Fidelity International; Grantham, Mayo.

Real estate managers: JMB; RREEF and TCW Realty.

GICs: Equitable; Travelers; Provident National.

The approximate asset mix of the pension and profit sharing plans was 66.1% stocks, 9.6% bonds, 10.6% cash equivalents, 13.2% equity real estate and 0.5% oil and gas.

State Street Bank is master trustee.

Key investment personnel are Robert Evans, director-employee benefit assets; Myra Drucker, manager-trust investments; and Gerald Paolini, manager-trust performance analysis.

The directory of microcomputer products and services available for treasury management will run March 4.

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C2710-2

GMAC introduces use of futures

By Richard J. Gillespie

NEW YORK — General Motors Acceptance Corp., one of the largest commercial paper issuers in the world, has introduced new techniques, including the use of futures, for managing its liabilities and interest rate exposures.

With $16 billion in commercial paper outstanding alone, GMAC has found even minute daily fluctuations in short-term rates can add up to millions of dollars, while larger fluctuations can cost more than $100 million in additional interest expense.

One way in which the giant auto and equipment financing corporation is attempting to stabilize its borrowing costs is with financial futures.

Another way it already has moved to cut its borrowing costs is by changing its formula on master note agreements it has outstanding with bank trust departments.

One problem GMAC might find as its liability management project matures is that the size of its borrowings ultimately might hamper its ability to manage its exposures.

Jerome B. Van Orman, director of liability management, is in charge of the pilot program launched last year to hedge GMAC's exposure to volatile short-term markets.

While Mr. Van Orman declined to reveal how much of its commercial paper exposure the company was attempting to hedge, he said there is no size handicap in the program's current form.

Cash management

He also said GMAC would not want to manage the exposure on the entire $16 billion, even if it could, which he said it cannot.

"We are still in the start-up phase of this project. In four years time, maybe we could make the program bigger, but to have contracts outstanding on the full amount would be impossible and a risk in itself," said Mr. Van Orman, who previously was with the treasury group of General Motors Corp.

The three financing instruments most appropriate for hedging are futures, interest rate swaps and interest rate options, he said.

While interest rate swaps have been used with GMAC's longer-term borrowings, the liability management project targeted the futures market for its start-up phase.

"We have viewed futures as more in tune with (our policy of)

Continued on page 38

Late news

Finalists announced

SACRAMENTO, Calif. — Trustees of the $13 billion California State Teachers' Retirement System are meeting with eight equity manager finalists, several of which could be hired Feb. 15 and share in an estimated $1 billion in assets.

Robin Miller, assistant chief executive officer, said the finalists are Barrow, Hanley, Mewhinney & Strauss, Dallas; Cashman, Farrell and Associates, Wayne, Pa.; Delaware Investment Advisors, Philadelphia; First Pacific Advisors Inc., Los Angeles; Provident Capital

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Pensions & Investment Age

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Phillips sets campaign of persuasion

By Barry B. Burr

The Council of Institutional Investors has scheduled a meeting Feb. 14 in New York with Phillips Petroleum Co. officials and T. Boone Pickens to discuss the company's recapitalization drive.

The effort involves buying back the shares held by a group organized by Mr. Pickens and putting control of the company with an employee stock ownership plan.

The meeting is one of several planned by Phillips in an effort to persuade large shareholders to support the company in its effort.

"We want to convince them of the viability of the recapitalization," said Fred Terry, manager of investor relations for the Bartlesville, Okla., firm.

Jere D. Smith, director of media relations, said Phillips promised to meet with the Council of Institutional Investors, a new group of 25 public and two multiemployer pension funds organized to protect their interests.

Many council members, together having more than $100 billion in assets, hold few, if any, shares of Phillips, compared with other institutional investors.

As of Sept. 30, CDA Investment Technologies Inc., Silver Spring, Md., reported that about 12 pension funds and 300 investment managers owned Phillips stock.

Among the largest holders were Delaware Management Co., 2,280,800 shares; California Public Employees Retirement System, 830,600; Teacher Retirement System of Texas, 1,134,600; Wells Fargo Bank, 1,123,154; Capital Guardian Trust Co., 4,473,900; Fayez Sarofim & Co., 1,387,720; and the College Retirement Equities Fund, 1,228,300.

Continued on page 38

Transfer of excess assets OK'd

By Joel Chernoff

WASHINGTON — Employers can transfer excess assets from a pension plan to another retirement plan, the IRS confirmed in a letter.

But the Internal Revenue Service letter and a resulting promotion by Buck Consultants Inc. have sparked a furor among pension experts, government agencies and an influential congressman.

The letter prompted Buck, its recipient, to tout the method to clients and potential clients as a new way to "utilize surplus pension assets for corporate purposes" — without terminating the plan or meeting other rules spelled out in plan termination guidelines issued by the government last year.

In general, the Jan. 16 letter said an employer can transfer part of the surplus assets in a defined benefit plan to cover the employer matching contribution to its 401(k) feature of a profit-sharing plan.

The spun-off assets would not be included in employer income, nor would the contribution be deductible. Moreover, the transferred amount would be treated as a loss for the defined benefit plan, and thus amortized under pension rules.

The transfer would have no effect on net income, but would show up as a liability on the balance sheet, according to Timothy Lucas, project manager for the Financial Accounting Standards Board, Stamford, Conn.

The letter has drawn sharp criticism from Rep. Edward Roybal, D-Calif., chairman of the House Select Committee on Aging, who doubts the method's legality.

The letter also has spurred inquiries from top officials at the Department of Labor and the Pension Benefit Guaranty Corp., who met

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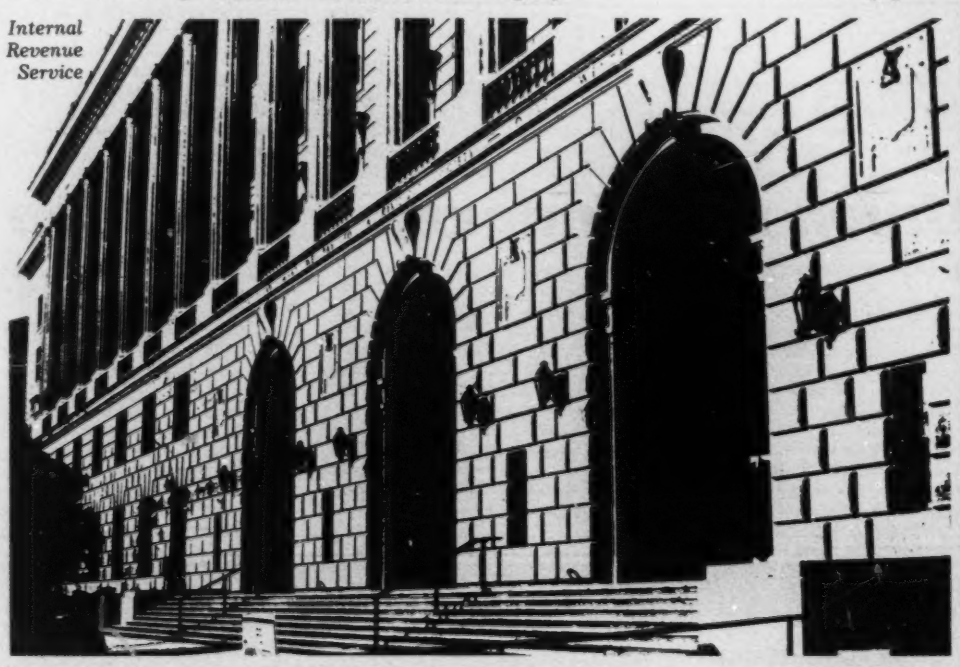

Internal Revenue Service

Florida policy gets mixed reviews

By Barry B. Burr and Rose Darby

TALLAHASSEE, Fla. — A public fund's insistence on tough negotiation of money management fees has lost it at least one potential manager, while some others have agreed to negotiate lower fees for the privilege of running about $75 million each.

Bessemer Trust Co. of Florida, Palm Beach, lost the chance to run $75 million in growth-oriented equities for the Florida State Board of Administration because it refused in January to give the fund the low fee sought, said Michael F. Page, Bessemer executive vice president.

Meantime, Hutton Capital Management, New York, and the Florida fund still are negotiating fees. At stake for Hutton is running $75 million in value-oriented equities.

Bessemer and Hutton were among 11 equity managers the Florida board had said it selected, pending completion of contract terms (*Pensions & Investment Age*, Oct. 29).

Bargaining focused on fees, according to E.J. Yelton, the fund's executive director, and some of the money managers.

Nine of the 11 agreed to the lower fees, Mr. Yelton said. However, two managers disputed that.

One of the nine, Southeastern Asset Management Inc., Memphis, Tenn., gave the fund "a pretty good discount on our regular rates," said James A. Thomas III, president of Southeastern. As a result, it is running about $50 million of a $75 million commitment in equities.

In 1984, fees caused Lehman Management Co., New York, to pass up a chance to manage $100 million in equities.

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Getty termination: First in a new field?

By Fred Williams

WHITE PLAINS, N.Y. — Texaco Inc.'s proposed spinoff/termination of a $698 million Getty Oil Co. pension plan might be the forerunner of similar moves by debt-strapped major oil companies involved in costly acquisitions and burdened by falling oil prices.

Chevron Corp. and Mobil Oil Co. are among the most likely termination prospects, one analyst said.

Analysts predict Texaco will use the excess assets from the spinoff/termination to pay some of the debt Texaco has been saddled with since it acquired Getty in February 1984.

Texaco hopes to recapture as much as $250 million from the pension fund. Company officials said such a move would provide security for retirees while retaining current employees under a defined benefit plan.

In a spinoff/termination, a single plan is spun off into two — one for retirees and one for active employees. The excess assets are placed in the retirees' plan, which then is terminated. The plan for active employees continues uninterrupted.

Getty was acquired by Texaco in a $10.1 billion cash transaction.

Employees who left the company after Jan. 1, 1984, and before Dec. 31, 1984, are to be treated as fully vested as of the date of their separation, documents filed with the Pension Benefit Guaranty Corp. said.

J. David Keough, Texaco senior assistant treasurer, said an insurance company hasn't been selected to provide the annuities for retirees.

Reacting to criticism that terminating the plan might jeopardize some employees' expectations for retirement benefits, Mr. Keough said benefits actually would be improved by the termination.

"Those who are not vested will be, and will be getting a benefit that they really are not entitled to. Many people will be getting a pension benefit now that they wouldn't have gotten otherwise," he said.

Texaco officials were tight-lipped about the reasons for the proposed termination.

PBGC officials said an amended filing will show how much will be split off from the plan for active and retired employees.

Philip Kehl, an oil industry analyst with Argus Research Corp., said Texaco probably will apply the recovered assets to help reduce the massive debt burden it carries as a result of the Getty acquisition.

"They have taken on a tremendous debt as a result of the Getty purchase," Mr. Kehl said. "Reduction of that debt is the main area where they can use it. Chevron and Texaco both will be working for the next couple of years working off debt incurred through acquisitions."

Chevron acquired Gulf Oil Corp. in 1984.

Debt burdens, coupled with softening international oil prices, will "push out for a couple of years longer the period needed to work down that much debt," he said.

Texaco had $10.4 billion of long-term debt at the end of September 1984, compared with $2.1 billion at the end of 1983.

"There is something going on. You have seen Occidental and Texaco do it (terminate pension plans) and you will see at least two more in 1985," one analyst predicted.

As for Texaco, he said, "the company is pulling down its debt. What has happened is that a lot of money has accrued in that pension plan. As it accrued, it was a tax deduction and increased without taxes. Now it will be drawn out and becomes a source of funds for Texaco to use in its debt restructuring or reduction."

"It is in their interest to reduce that debt as much as they can since their debt to equity now is quite high," he said. Texaco already has sold about $2 billion in assets acquired in the Getty acquisition, he said.

A spokesman for Rep. Edward R. Roybal, D-Calif., said legislation definitely will be introduced into the current session of Congress to limit severely an employer's ability to recapture excess assets by terminating an overfunded defined benefit pension plan.

Rep. Roybal introduced a similar bill during the last session, which ended before the bill could be considered (*Pensions & Investment Age*, Oct. 1).

Roger Thomas, counsel to the House Select Committee on Aging, called Texaco's planned termination of the Getty plan "intolerable," "repugnant" and "Robin Hood in reverse."

He said terminations similar to the planned Texaco action "deprive employees of the benefit levels to which they are entitled."

Karen Ferguson, director of the Pension Rights Center in Washington, D.C. called the Texaco proposal "an outrage."

The Texaco termination of the Getty plan would place it among the largest reversion amounts. ■

Union fund indexes $1.5 billion

By Mark Westerbeck

NEW YORK — A significant switch to index funds could save more than $4 million in portfolio management fees for the $5.2 billion Central States Teamsters Fund, said George W. Lehr, executive director.

Morgan Stanley Inc., the named fiduciary for the Teamsters, Central States, Southeast and Southwest Areas Pension Fund, has indexed more than $1.5 billion of the fund's equity assets.

The allocation to equities was increased during the second half of January, when Bankers Trust Co. and Mellon Capital Management were hired for predominantly "active indexed" management.

At the same time, Alliance Capital Management Corp., MacKay-Shields Financial Corp. and McCowan Associates Inc. were dropped as active equity managers.

The change leaves four equity managers, and reflects Morgan Stanley Inc.'s defeated effort to centralize management of equity assets with its investment management arm, Morgan Stanley Asset Management Inc.

That attempt was shot down in January when the Department of Labor refused to approve the plan, citing conflict of interest (*Pensions & Investment Age*, Jan. 21).

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Hires 10 managers

UT hikes fixed income

By Rose Darby

HARTFORD, Conn. — The $2.5 billion United Technologies Corp. U.S. master trust plan has doubled its fixed-income exposure by hiring four specialty managers, four intermediate- to long-term managers and two shorter-term managers.

Equities and international bonds likely will be the next phase of an asset allocation plan, under way since late 1984, according to Beverly Lannquist Hamilton, vice president-pension investments.

About $400 million to $500 million were allocated among the 10 fixed-income managers, she said.

Roughly 45% of the total, or $180 million to $225 million, will be managed by the intermediate- to long-term managers: Loomis, Sayles & Co. Inc., Boston; Morgan Stanley Asset Management Inc., New York; Miller, Anderson & Sherrerd, Bala Cynwyd, Pa.; and Jennison Associates Capital Corp., New York.

Another 35%, or $140 million to $175 million, will be allocated to specialty bond managers to invest in private placements, convertibles, and high-yield fixed-income securities, she said.

Trust Company of the West, Los Angeles, will manage an account in its private placement fund; Delaware Investment Advisers Inc., Philadelphia, and W.R. Huff Asset Management, New York, will manage high-yield bond portfolios; and MacKay-Shields Financial, New York, will run a convertible bond account, she said.

The remaining 20%, or $80 million to $100 million, will be run by Neuberger & Berman Pension Management, New York, and Payden & Rygel, Los Angeles, in portfolios with maturities of up to five years, she said.

Ms. Hamilton wouldn't say how much was given to each manager.

Funding was a two-step process, she explained: "We shifted a contribution of $100 million over in September, and we just accomplished the second part; that will come from the equity area."

When asked if any current equity managers would be dropped to fund the move, Ms. Hamilton would only comment that the equity area would be looked at next. ■

Late news

Continued from page 1

Management, Philadelphia; Trinity Investment Management Corp., Boston; United Capital Management, Denver; and Wilmington Capital Management Inc., Wilmington, Del.

Ms. Miller said the retirement system also has made an offer for a permanent chief investment officer, whose hiring could be announced Feb. 15. The person was not named.

On Jan. 25, the system also completed moving $1 billion in equity assets into an index fund with Wells Fargo Investment Advisors, San Francisco.

PBGC premium hike

WASHINGTON — The Pension Benefit Guaranty Corp. will likely ask for an annual premium of about $7.50 per participant, an increase from the current $2.60, observers said. The boost is lower than some had expected.

Charles C. Tharp, the agency's executive director, declined to comment, saying the increase would be in President Reagan's budget, due to be released Feb. 4.

Joint venture formed

NEW YORK — M.D. Sass Investors Services Inc. and Elliot & Page Ltd. of Toronto have formed a joint venture, Sass, Elliot & Page Inc. to offer investment capability in the U.S. to Canadian pension funds.

Elliot & Page manages $2.5 billion for clients, of which roughly $354 million is Canadian pension fund assets.

D.C. hires State Street

WASHINGTON — The District of Columbia Retirement Board has hired State Street Bank & Trust Co., Boston, as master trustee for its $554 million in assets, replacing American Security Bank of Washington, according to Earl Johnson, executive director.

Real estate pool

CHARLOTTE, N.C. — NCNB National Bank's open-end real estate pool grew to $170 million in assets after taking down $18.5 million in contributions in January.

New clients, who committed late in 1984, included the $1.5 billion Ohio School Employees' Retirement System, Columbus, Ohio, for $15 million, and the $80 million Commerce Clearing House Inc. pension fund, Chicago, for $2 million.

Personnel news

• WASHINGTON — Kevin W. Putt has been promoted to assistant executive director of the Pension Benefit Guaranty Corp. Mr. Putt will serve as a senior management official in the agency's dealings with Congress and other policy and resource matters.

• NEW YORK — Andre Sharon, first vice president and director of international research at Drexel Burnham Lambert Investment Advisors, Philadelphia, resigned to join Simms Capital Management Inc. as a partner, effective Feb. 1.

Mr. Sharon said he was joining Simms — which specializes in global management — in part because it offered "the chance of a lifetime to do something entrepreneurial and to practice what I've been preaching."

Simms has $25 million under management globally for non-tax-exempt clients.

• LONDON — Citicorp Investment Management Inc. has hired Tony Watson as its new chief investment officer-institutional international investments and chairman of its international asset management committee. He comes from Touche Remnant Pension Fund Management Ltd., London, where he was a managing director.

Checks clear faster

NORTHFIELD, Ill. — Phoenix-Hecht Inc., a cash management consulting firm, announced check clearing times have become one-tenth of a day faster in the past six months.

According to Larry Marks, president of Phoenix-Hecht, "This seemingly small change is actually quite large in the world of cash management, and can impact the bottom line of corporations by tens of thousands of dollars."

The firm's check clearing study measures the time it takes to clear from the deposit bank back to the drawee bank.

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Fund shareholders organization formed

WASHINGTON — The Council for Institutional Investors, formed to assert the rights of pension fund shareholders, formally organized last month after six months of preparations.

The organization's initial efforts will be corporate takeover issues, but might expand to other areas in the future.

It is expected to meet with officials from Phillips Petroleum Co., Bartlesville, Okla., and T. Boone Pickens Jr. as its first venture (*see related story on page 1*).

The council has commitments from 22 pension funds — mostly governmental funds — representing more than $100 billion in assets.

More might join before the initial sign-up period ends Feb. 8.

California Treasurer Jesse Unruh, who pitched the concept to potential members, is one of the council's three co-chairmen. Mr. Unruh's office is custodian for $35 billion in pension assets held by the state's teachers' and public employees' funds.

In addition, John Konrad, chairman of the $8.7 billion Wisconsin State Board of Investments, and Harrison J. Goldin, New York City comptroller and trustee for the $21.1 billion New York City Employees Retirement System, are the other co-chairmen. The New York City system comprises five funds.

Serving as council secretary is Henry E. Parker, Connecticut treasurer and sole trustee for the State of Connecticut Trust Funds. Bruce Kallos, chairman-investment committee for the Delaware State Employees' Retirement Fund, is the council's treasurer.

Other public funds that are committed to joining are the New Jersey Division of Investments, the Los Angeles Fire & Police Pension System, the Los Angeles City Employees' Retirement System, the Michigan State Employees' Retirement System, the Minnesota State Board of Investment, the Massachusetts Pension Reserve Investment Trust, the Washington, D.C., Retirement Board, the Washington Suburban Sanitary Commission and the Navy Relief Fund.

Two Taft-Hartley funds, the Sheet Metal Workers National Pension Fund and the Southern California Food and Commercial Workers Union & Food Employers Joint Trust Fund, also signed on.

Considering joining are the five Chicago pension funds for police, firefighters, teachers, laborers and municipal employees; the San Bernardino County (Calif.) Employees' Retirement Association and the San Francisco City and County Employees' Retirement System. ■

Corrections

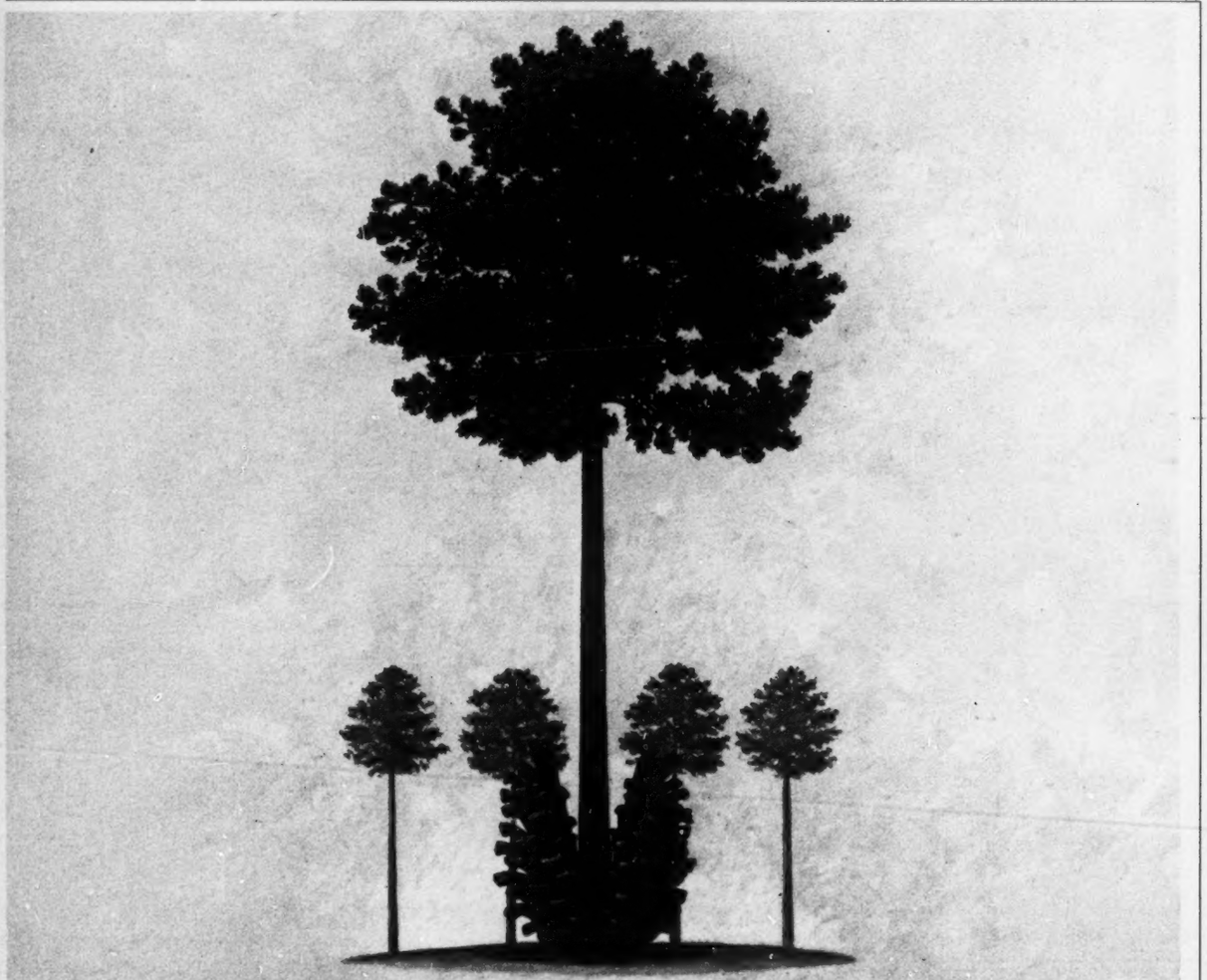
• Two pension fund accounts won by **Security Capital Real Estate**, New York, were misidentified in the "Money movers" and "Current accounts" section of the Jan. 7 issue. Security Capital's open-end fund was selected by Dow Corning Co. to split about $11 million with a closed-end fund run by JMB Institutional Realty. Also, Georgia-Pacific Corp. committed $5 million to the Security Capital fund.

• **Gary Gerstein**, who has joined Century Capital as a general partner, was with Neuberger & Berman immediately before joining Century Capital. Before joining Neuberger, he was a senior vice president at Chase Investors Corp.

• An article in the Jan. 21 issue stated incorrectly that the **California State Teachers Retirement System** issued bonds. The bonds were state general obligation bonds.

• **F.I.A. Associates**, Sacramento, had $342.3 million in new business as of Nov. 15, 1984. This amount puts the firm in second place behind Goldman, Sachs in the Jan. 7 "score card" listing of real estate advisory firms with less than $1 billion under management. Hutton Capital Management should not have been on the list.

• The **Marine Engineers Beneficial Association**'s $72 million contribution to its pension plan, reported in the profile in the Jan. 21 issue, represents a 5.3% decline from the $76 million contribution in 1983. All contributions are employer contributions.



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Top underwriter captures quarter of market in 1984

NEW YORK — Salomon Brothers widened its lead in the underwriting scene in 1984, taking nearly a fourth of the volume generated in the marketplace.

Its lead came in a year when total financings were down from 1983 levels. Debt offerings, however, soared, while common stock volume dropped precipitously from previous levels.

According to IDD Information Services, corporations raised $82.2 billion last year. Salomon took almost $19.3 billion or a 23.4% market share under a bonus-credit-to-book-manager system. In 1983, the firm underwrote $13.1 billion for a 13.5% market share.

Salomon maintained its lead under other credit systems as well. It held a 25.8% market share based on full credit to lead manager and a 22.4% share based on an equal credit system.

Under the bonus-credit system, First Boston Corp. ran a distant second with 12.2% of the market or $10 billion in underwritten offerings. Merrill Lynch Capital Markets took third with 11% or $9.1 billion.

Drexel Burnham Lambert Inc., meanwhile, continued its climb up the charts, moving to fourth from sixth in 1983. With a 10.3% market share or $8.5 billion, Drexel edged out Goldman, Sachs & Co. for that position. Goldman took 10% of 1984 volume or $8.2 billion.

Salomon's lead was less dramatic when measured by actual underwriting commitment for public offerings. The firm participated in 509 public offerings last year. Its actual underwriting commitment for those deals was $12 billion — a 14.6% market share.

Drexel Burnham ranked second by this measure, underwriting $8.4 billion in 545 offerings for a 10.2% market share. Merrill Lynch, which participated in 583 deals, the most of any investment firm, came in a close third with $8.3 billion or a 10.1% piece of the market.

First Boston and Goldman followed, taking 8.6% and 7.5% of the market, respectively. First Boston committed to $7 billion in 492 offerings, while Goldman underwrote $6.2 billion in 481 deals.

Salomon's dominance comes in a year when overall financings dropped 15.3% from the $97.1 billion generated in 1983. Even so, 1984 was the second biggest year for public offerings, with total volume exceeding 1982's $62.6 billion output by 31%, according to IDD.

A key contributor to 1984 volume was the surge in non-convertible debt financing. New issues in that market jumped to $65.2 billion in 1984, from $46.1 billion in 1983 — a 41% rise, according to IDD.

Much of the activity came during the second half of the year as interest rates were falling. The third and fourth quarters produced $39.4 billion in straight debt financings, accounting for nearly half of total financing volume for the year.

As in the overall rankings, Salomon remained the clear leader in underwriting straight debt. Its leading market share increased to 27.5% last year, from 20.3% in 1983, under IDD's bonus credit system, while the firm's share of dollar volume rose to $17.9 billion from $9.3 billion.

Ranking second was First Boston, with $8.3 billion or a 12.7% market share of straight debt. Drexel followed with $7.7 billion or an 11.8% piece of the market.

Salomon's dominance and Drexel's rise up the charts (it placed fifth in 1983 in straight debt financings and seventh in 1982) can be attributed, in part, to their participation in the largest single offerings last year.

Among the top five deals, Salomon was lead manager for Sweden's $1.5 billion (net proceeds) floating rate debt offering, Travelers Mortgage Securities' $1.2 billion collateralized mortgage obligations and Chevron Capital USA's $998 million and $996 million note offerings.

Drexel was lead manager for the $1.3 billion debt financing by Metromedia Inc. and the $1.2 billion in notes offered by Occidental Petroleum Corp.

The strong standings of the two firms underscore the increasing importance of mortgage-backed securities and high-yield debt instruments. Offerings in these areas totaled $11.2 billion and $14.1 billion, respectively. Together they increased about $12 billion, accounting for almost 60% of the $19.1 billion rise in straight debt financing.

Salomon traditionally has held the lead in the mortgage-backed bond market. According to IDD, the firm was lead manager for almost $4.2 billion — a 37.2% share of the total market. First Boston and Shearson Lehman/American Express were the firm's closest competitors. They managed $3.1 billion and $1.5 billion, respectively, and took 28% and 13.7%, respectively, of the mortgage-backed market.

While numerous investment banking firms have moved into the junk bond market, Drexel, which created that market, continues to manage the lion's share.

According to IDD, Drexel managed $9.6 billion in high-yield debt offerings, for a 67.7% portion of the market. Prudential-Bache Securities Inc., which ranked second, was lead manager for $980 million or only 6.9% of the market.

Although straight debt financings climbed above 1983 levels last year, convertible debt offerings declined to $4.1 billion from $6.1 billion in 1983.

Much of last year's activity came in the second half of the year. Falling interest rates combined with a generally sluggish stock market set the stage for the third- and fourth-quarter resurgence. Corporations issued $3.2 billion in convertible debt during that period, compared with only $881 million in the first half.

Shearson dominated the convertible debt scene, moving to first place from third in 1983. By IDD's bonus-credit measure, it captured $940 million or 23.1% of that market. First Boston underwrote $818 million or 20.1%, while Goldman ranked third with $473 million or 11.6%.

While debt financing surged in 1984, another dramatic development in 1984 was the sharp drop in common stock issues and initial public offerings because of corporate reluctance to issue stock in an uncertain market climate.

Common stock volume shrank to 556 issues totaling just less than $9 billion in 1984, from 1,418 offerings totaling $36.6 billion in 1983, according to IDD. At the same time, initial public offerings volume sunk to 350 offerings amounting to $3.8 billion in 1984 from 686 issues totaling $12.4 billion in 1983.

Investment bankers, however, argued the 1983 numbers were aberrations, especially in the IPO market. They say the data reflected the maturing of an inordinate number of venture capital companies — a market that had surged ahead following the lowering of the capital gains tax rate in 1978.

While IPO financings fell off sharply from 1983, investment bankers note 1984 volume was more than double that of 1982. According to IDD, IPO financings in 1982 totaled $1.4 billion.

Merrill Lynch took the biggest portion of the common stock and IPO markets under a bonus-credit system. The firm underwrote $930 million in 54 common stock offerings during the year to win a 10.4% share of the market. Following Merrill were Goldman, Sachs with $836.5 million and Morgan Stanley, $721 million.

Merrill captured 11.6% of the IPO market, underwriting $442 million in 23 offerings. The firm was followed by Morgan Stanley, which underwrote $309.4 million under a bonus-credit system, and Shearson, which underwrote $275 million.

While IDD's bonus credit system put Merrill in first place in the common stock and IPO market, Morgan Stanley won by a full-credit-to-lead-manager measure. By this yardstick, Morgan held a 13.8% market share in common stock, with $1.2 billion credited to the firm and a 17.1% market stake in IPOs, with $648 million of that market.

A leading factor in Morgan's showing was its strength last year in U.S. offerings made by foreign companies.

The firm was lead manager in British Telecommunications' $279 million equity offering — an IPO and the single largest equity deal for 1984. It also managed the two next largest foreign IPO deals issued in the United States — Reuters Holdings' $107 million offering and the $102 million IPO issued by Cadbury Schweppes.

Preferred stock financing also fell in 1984, but the drop was not as dramatic as in common stock. IDD reports financings in this area totaled $3.1 billion for the year vs. $5.1 billion in 1983.

In the area of convertible preferred offerings, however, the fall was much more severe. Financings in this category amounted to $818 million, compared with $3.1 billion in 1983. Still, convertible preferred volume last year represented a 61% increase from the $509 million generated in 1982.

Goldman led other underwriters in both the non-convertible and convertible preferred markets, raising $576 million in straight preferred offerings and $180 million in convertible preferred offerings in 1984, and giving the firm an 18.5% and 22% stake in those respective markets.

Shearson and Merrill took second and third place in the straight preferred rankings. Shearson raised $538 million, while Merrill underwrote $440 million.

In the convertible preferred market, Morgan Stanley placed second, with $179.5 million piece of the market. Third-ranking First Boston held $164 million share of the market.

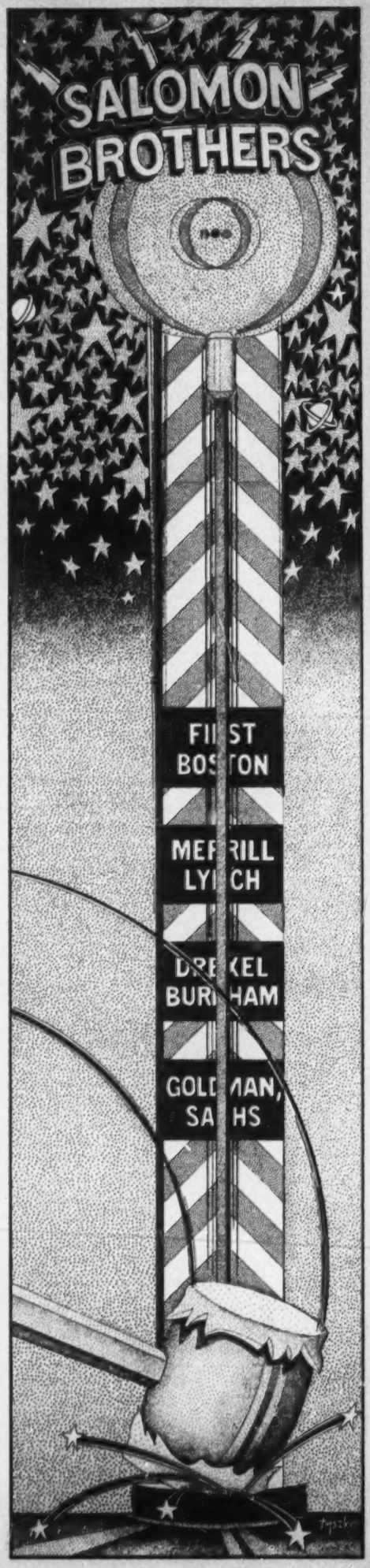
In a volume breakdown by industry, financial companies were the biggest issuers in 1984, followed by industrial companies. The former came out with $37.4 billion in issues, while the latter's volume totaled $30.8 billion.

Utilities raised $9.5 billion last year. Agency issuers raised $4.5 billion.

Salomon took the underwriting lead for financial companies, raising $10.3 billion for a 27.4% market share, under a bonus credit method. It also took 53.2% or $2.4 billion of the total volume generated by agency issuers.

Drexel led in the industrial area, managing $6.8 billion for a 22% market share. Morgan Stanley won top honors in the utility area, taking $1.8 billion or 19.3% of the total volume there.

In one industry subset, high technology, Shearson dominated. Of the $2.2 billion issued by these companies, it underwrote 28.7% or $639 million. ■



The stories in this section were written by Marci Baker

The only question was: How much?

Salomon Brothers had lead early in game

NEW YORK — Well before the final numbers on market share were out, members of Salomon Brothers' corporate finance department were boasting of the firm's "market dominance," as one staffer put it.

Indeed, it was clear early on that Salomon would come out on top in the rankings. The only question was how much of a market share the firm would take.

As it turned out, Salomon was credited with 23.4% of the $82.2 billion raised in 1984, compared with 13.5% of the $97.1 billion in volume in 1983, according to IDD Information Services' bonus-credits-to-lead-managers rankings.

By individual categories, Salomon also held the leading market share — about 27.5% — in straight debt financings and financial company offerings. It ranked fourth in the areas of common stock, nonconvertible preferred and convertible preferred.

"Our dominance was exceptional," asserted Harold Tanner, a managing director and one of the firm's corporate finance chiefs.

"1984 for us was not just a bolt out of the blue, however; we've been pushing. We've been right up there among the leaders for the past four or five years, continually increasing our client base."

Since 1981, the number of deals in which Salomon was lead manager almost doubled, to 186 from 98, according to IDD. Last year, it participated in 509 issues.

Likewise, staffing in Salomon's corporate finance area has grown to 180 professionals from 144 in 1981. The firm expects that number to increase to about 200.

Salomon's dominance by another measure, however, was less dramatic. Its actual underwriting commitment of public offerings last year totaled $12 billion, a 14.6% market share. Drexel Burnham Lambert Inc., the runner-up, commited to $8.4 billion or a 10.2% market share.

Even so, observers say Salomon's aggressiveness has been a key reason for its dominance in the investment banking business.

Mr. Tanner maintained investment banking firms must back up that aggressiveness with an ability to deliver the product. He pointed to Salomon's attention to issuer and buyer preferences as well as its ability to respond quickly through analytical resources and trading and sales capabilities as the key reasons for its standing.

"Most issuing companies have a narrow number of investment bankers that they talk to. It's important to know what their interests are and be responsive to their needs," Mr. Tanner said.

The advent of the put bond — one of last year's innovations that gained popularity when interest rates climbed in the spring — is one case in point.

The idea came from clients, said Jessica Palmer, vice president-capital market services. Salomon responded through its analytical resources with a structure that could meet their needs and quickly presented it to the issuer and investment arenas.

The new security was geared to overcome investor anxiety about holding longer-term bonds in a rising interest rate environment by giving buyers the right to sell them back to the issuer for full face value after a specified period of time.

All told, issuers raised $2.4 billion from 22 put bond transactions last year. Salomon was lead manager in 11 of those.

While Salomon's response to issuer and buyer preferences might be one reason for its underwriting lead, another was its involvement in many of 1984's largest offerings.

Chevron Capital U.S.A. and Texaco Capital, for example, turned to the Salomon when they needed to raise capital to fund their acquisitions of Gulf Oil Corp. and Getty Oil Co., respectively.

Salomon was lead manager for two Chevron note offerings totaling almost $2 billion in net proceeds. It also was lead manager for two of four financings by Texaco Capital that netted $1 billion.

In addition, Salomon managed Sweden's floating rate note offering — the largest deal of the year — with net proceeds of $1.5 billion. The Federal Home Loan Mortgage Association also turned to the investment house for a number of transactions last year, including a collateralized mortgage obligation deal last January that netted $521 million.

A sizable portion of Salomon's market share also was due to the volume it generated in mortgage-backed securities, an area of traditional dominance for the firm. According to IDD, Salomon was lead manager for $4.2 billion of the $11.2 billion mortgage-related offerings in 1984 — 37.2% of that market.

Still, Salomon maintains it was a clear leader without mortgages. "Those securities only further enhanced that lead," said Mr. Tanner.

Excluding mortgage-related and savings and loan conversion-related securities, the firm continued to lead in overall underwriting volume by $6.3 billion (full credit to book manager), according to figures provided by Salomon.

Should the strength of the dollar continue, Mr. Tanner expects the Eurobond market will continue to be one of the major sources of corporate financings in 1985. Mortgage-backed securities might emerge as an important component of that market, as signaled by Prudential Insurance Co.'s recent offering of mortgage-related securities in Europe.

The advent of the Euroyen bond is another important development on the international front that might be a significant source of financing in 1985, Mr. Tanner said.

Japan, in December, permitted multinational companies to issue bonds denominated in yen outside Japan, and a number of corporations immediately lined up to issue Euroyen securities.

Should the Japanese government go ahead with a proposal to lift the withholding tax imposed on Japanese corporations, a large number of Japanese corporations might enter the Euroyen market as well. ■

Harold Tanner

Total financing: by type of security

	1984		1983	
	# Issues	$ Amount (mil.)	# Issues	$ Amount (mil.)
Straight debt	718	65,246.70	534	46,055.57
Convertible debt	66	4,076.73	113	6,106.50
Preferred stock	46	3,114.18	77	5,142.50
Convertible preferred stock	24	817.93	54	3,148.28
Common stock**	556	8,920.09	1,418	36,650.91
Total financing	1,410	$ 82,175.63	2,196	$ 97,103.76

**Includes initial public offerings.

Source: IDD Information Services

Ranking by dollar amount underwriting commitment for public offerings

Rank	Underwriter	$ Amount	# Issues
1.	Salomon Brothers	11,996.6	509
2.	Drexel Burnham Lambert	8,360.3	545
3.	Merrill Lynch Capital Markets	8,279.6	583
4.	First Boston	7,039.7	492
5.	Goldman, Sachs	6,200.4	481
6.	Shearson/American Express	4,817.9	515
7.	Morgan Stanley	3,565.9	332
8.	Kidder, Peabody	2,645.8	509
9.	Prudential-Bache	2,626.3	548
10.	Dean Witter Reynolds	2,554.6	506
11.	Bear, Stearns	2,221.2	523
12.	Paine Webber	2,113.3	522
13.	E. F. Hutton	1,565.9	500
14.	Smith Barney, Harris Upham	1,316.7	489
15.	Donaldson, Lufkin & Jenrette	1,289.5	454
16.	Rothschild, Unterberg, Towbin	1,197.4	513
17.	Dillon, Read	1,136.8	378
18.	Lazard Freres	934.5	385
19.	Wertheim	797.6	400
20.	Alex. Brown & Sons	606.8	428
21.	Thomson McKinnon Securities	514.2	420
22.	A.G. Edwards & Sons	342.5	425
23.	Oppenheimer	316.6	381
24.	Edward D. Jones	273.8	61
25.	Keefe, Bruyette & Woods	261.9	63

Source: IDD Information Services

Merrill Lynch maintains hold on equity financings

NEW YORK — Despite a slight drop in the overall 1984 rankings, Merrill Lynch Capital Markets remained strong in the area of equity financings.

A strong distribution network and traditional prowess in the equity arena helped put the firm first in financings of common stock and initial public offerings, said Sorrell Mathes, a managing director in charge of the firm's emerging growth company group.

IDD Information Services credited Merrill with $930 million of 1984's $9 billion in common stock volume under the bonus-credit-to-lead-manager ranking. Its share of the year's $3.8 billion IPO volume totaled $442 million.

Although No. 1 in the equity rankings, Merrill placed third in the overall picture, down from second in 1983 and first in 1982. The firm's share of all underwritten offerings totaled $9.1 billion for 1984 — an 11% market share.

Merrill's actual underwriting commitment for 1984 public offerings was $8.3 billion, putting the firm behind Salomon Brothers and Drexel Burnham Lambert Inc. However, IDD noted the firm participated in the most deals for the year — 583.

The numbers, in part, reflect Merrill's practice of looking first to the economics, rather than the size, of an equity deal. Thus, its underwriting volume typically will be generated from doing a large number of equity deals of more moderate size.

"You reach a point when the size of an equity deal is uneconomical," explained Mr. Mathes.

This thinking is perhaps in line with Merrill's recent efforts to build up its investment banking activities in the emerging growth and high-technology arena. Despite this market's poor showing in 1984, the firm believes smaller, growing companies will be a thriving market in the long term and will prove to be a profitable one.

"This is a key area of emphasis for us," Mr. Mathes said. He added Merrill is rallying its resources and its senior investment banking staff to the effort.

While Mr. Mathes freely admits 1984 was not a boom year for the emerging-company market, he is confident 1985 will prove a better year for this arena.

"Already we're seeing a market that is more receptive to these companies than it has been in the last six to eight months," he said. ■

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High tech still offers rewards

NEW YORK — The high-technology market continued to be a keen area of strength for Shearson Lehman/American Express in 1984.

According to IDD Information Services, Shearson took 28.7% of that market in a difficult year for the high-tech arena. It underwrote $638.8 million for high tech companies, in the bonus-credit-to-lead-manager ranking.

Morgan Stanley, Shearson's closest competitor by this measure, financed $210.4 million for a 9.5% market share.

"Shearson has focused very heavily on emerging companies," said Robert McCabe, a managing director. "We didn't have a list of longtime prestigious clients to draw from."

Its 1984 merger with Lehman Brothers, with a long-standing interest in technology, Mr. McCabe said, served to augment its expertise in the high-tech, emerging growth market.

Shearson's newly formed technology/health care group has 20 professionals who spend the bulk of their time working with clients. Other professionals throughout the firm also work with technology clients.

Its expertise, combined with an extensive distribution network on both the retail and institutional sides, has "provided a very potent weapon in soliciting new clients," Mr. McCabe said. Shearson's sales force numbers 5,000. When Lehman came in, it brought a sales force of 300, he added.

The firm's focus in the high-tech area is not geared toward any particular size company or deal. "We are not just trying to do large deals for large companies or small deals for small companies. We're trying to serve the range," Mr. McCabe explained.

Shearson completed financings for Westinghouse Electric Corp., Digital Equipment Corp. and AST Research Inc., among others. While some financings were for convertible debt, the bulk of Shearson's activities in 1984 centered more in the common stock arena, including initial public offerings.

That was no easy task for the investment banker, given the poor market environment for technology stocks last year.

Financings in this market sector fell to $2.2 billion in 1984, from an unprecedented $8.1 billion in 1983, according to IDD. Volume also was off from 1982 financings, which totaled $2.5 billion.

Investors grew wary of technology companies last year when many of these concerns, which went public in 1983, failed to meet earnings expectations. However, many investment bankers call the heated financing activity among high tech companies in 1983 an aberration.

The lowering of the capital gains tax rate in 1978 fueled a resurgence of high tech venture capital financings.

The strong stock market climate in 1983 and investor interest in technology companies in particular sent an inordinate number of the venture capital situations into the initial public offering market. Admittedly, said one Shearson investment banker, some of those deals shouldn't have been done.

Despite investor caution in evaluating deals, Mr. McCabe asserted that the current market is not a bad one for high-tech companies. "Rather it is a market that has come to its senses," he added. "The quality deals are the ones that are getting done."

While Shearson was pushing its expertise in the health care and technology group, it also was being credited with an innovation in the preferred stock arena. The firm developed for American Express Co. money market preferred stock, a new type of adjustable-rate preferred whose yield is adjusted every 49 days based on bids by shareholders and prospective buyers.

The new security, like the original adjustable rate preferred security, is geared for corporate investors looking for instruments with which to park spare cash.

Unlike MMPs, the original instrument was repriced quarterly, with the interest rate pegged to Treasury issues. Still, corporate treasurers discovered, the price of those securities could swing widely on resale.

The auction format of Shearson's MMPs is designed to keep those issues trading closer to par. The savings to issuers over the first generation of adjustable preferreds can be as much as 3%.

American Express has come out with three $75 million offerings of MMP since they debuted last summer. Other companies, including U.S. Steel Corp., have issued similar securities as well. ■

Total financings
(bonus credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Salomon Brothers	$ 19,257.2	293	$ 13,089.3	296
2.	First Boston	10,005.4	225	8,453.0	193
3.	Merrill Lynch Capital Mkts.	9,079.2	270	12,756.6	390
4.	Drexel Burnham Lambert	8,488.0	125	8,781.7	151
5.	Goldman, Sachs	8,195.0	194	10,812.9	239

Source: IDD Information Services

Total financings
(full credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Salomon Brothers	$ 21,222.3	186	$ 15,675.1	175
2.	Drexel Burnham Lambert	10,484.8	102	7,330.9	125
3.	First Boston	10,020.6	129	9,604.6	114
4.	Merrill Lynch Capital Mkts.	8,622.2	125	12,584.1	214
5.	Goldman, Sachs	7,908.8	97	10,758.9	137

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Drexel continues to gain force, stature in underwriter rankings

NEW YORK — As 1984 was drawing to a close, word on Wall Street was that Drexel Burnham Lambert Inc. and First Boston Corp. were fighting it out for second place in the overall underwriting rankings.

Who won that battle, if it existed, depends on what numbers you choose. What's clear, however, is that Drexel has become a force to be reckoned with.

Drexel has improved steadily in its position among underwriters through the years. It has done so by aggressively competing for business, maintaining an emphasis on innovation and striving to create an atmosphere that could attract and keep the best professionals.

"Since 1974, we've gone from not being a factor in the game to being a real force," asserted Frederick Joseph, head of Drexel's corporate finance department.

Under IDD Information Services' bonus-credit rankings, Drexel has moved to fourth place with a 10.3% market share in 1984, from 14th place and a 2% overall market share in 1980. It ranked second in 1984 when full credit is given to lead managers. In straight debt financing, the firm has risen to third with an 11.8% market share in 1984 from 15th place with a 1.5% market share in 1980.

Moreover, the firm has increased its market share in the past five years to place among the Top 10 underwriters in the convertible debt, non-convertible preferred and common stock areas.

Although the firm's standing in the rankings doesn't make Mr. Joseph unhappy, he is quick to point out he doesn't measure the firm's success by them because they reveal little about how a firm is actually doing.

"We don't run the business based on market share," he said. Rather, it's focusing on number of clients, doing deals that mean profits for the firm, and improving services.

"We like to think one of our strengths is that we are very quick and flexible," Mr. Joseph said. Drexel looks to issuer and buyer preferences and works to come up with what he called "creative responses" to those preferences.

Indeed, the firm has a long-standing reputation for being creative. Many of the new twists to debut in the marketplace last year came out of Drexel's shop.

The firm developed the springing warrant for Gearhart Industries as a defense against an unfriendly takeover attempt by Smith International.

Gearhart sold almost $98 million of debentures with these warrants, designed to "spring" in the event of a hostile bid and dilute the holdings of the attacker. Mr. Joseph argued it provides a prudent alternative to such takeover defenses as the "poison pill," which ultimately can have a destructive impact on the upside potential of the stock.

Drexel also created the subordinated exchangeable variable-rate note, which allows companies to borrow at cheaper short-term rates while still retaining access to capital for a longer period.

The interest rate on these notes floats typically for the first five years, then becomes fixed for the next five. Issuers have the option at the end of each quarter in the first five years to trade the variable notes for fixed-rate instruments. The firm has done about $5 billion of these deals so far.

Drexel also introduced the idea of superstock through an initial stock offering made by Arley Manufacturing Corp.

Investors effectively got a money-back guarantee in the offering. In two years, they have the right to exchange their $8 shares for $8 subordinated notes or cash if the company prefers.

If Drexel has become a formidable contender, it is in part, some say, because the firm has had to compete harder and longer than other investment banking houses.

It built a market niche in underwriting less-than-investment-grade securities in the mid-1970s when deals had to be aggressively packaged and sold.

Today, when other firm's are eyeing that business, Drexel still dominates that market. According to IDD, the firm was lead manager for 67.7% of the $14.1 billion in financings completed last year.

While some might argue Drexel's position in the rankings is due largely to its work in the junk bond area, the firm has extended its reach into other market niches and a wider clientele.

Mr. Joseph said the average size of Drexel's growing client base has increased as has the size of offerings. Deals completed by the firm in 1983 on average totaled $60 million. Last year they grew to $100 million on average. In addition, he noted the firm's fee income last year was 177% over 1983.

Drexel is looking to use its financing strength to, among other things, increase its merger and acquisition activities as well as leveraged buy-out work. Of the 50 people Mr. Joseph expects to add to Drexel's 165-person corporate finance team, about 20 of them will be hired to work in the M&A area.

Frederick Joseph

Over time, Mr. Joseph would like to see the size of his team double and have that team recognized at the best in the business.

The corporate finance director has his fantasies as well. "It would be nice if we could maintain our last five year's growth record," he mused. "Then we'd have 100% of the market." ■

Convertible preferred stock
(bonus credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Goldman, Sachs	$ 179.6	5	$ 363.3	4
2.	Morgan Stanley	179.5	5	448.4	10
3.	First Boston	164.2	4	171.7	5
4.	Salomon Brothers	67.5	2	259.9	7
5.	Paine Webber	36.7	2	93.3	2

Convertible preferred stock
(full credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Goldman, Sachs	$ 231.3	4	$ 475.0	3
2.	First Boston	175.0	2	135.0	4
3.	Morgan Stanley	164.8	4	480.4	10
4.	Smith Barney, Harris Upham	60.0	1	80.0	2
4.	Salomon Brothers	60.0	1	267.6	5
5.	E.F. Hutton	29.0	2	59.8	2

Source: IDD Information Services

Common stock
(bonus credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Merrill Lynch Capital Mkts.	$ 930.4	54	$ 4,135.8	167
2.	Goldman, Sachs	836.5	31	4,035.1	95
3.	Morgan Stanley	721.0	19	2,769.1	55
4.	Salomon Brothers	712.2	27	2,801.7	72
5.	Shearson Lehman/Amex	709.6	40	2,781.6	130

Common stock
(full credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Morgan Stanley	$ 1,229.5	17	$ 4,092.5	49
2.	Goldman, Sachs	1,010.3	26	3,960.4	70
3.	Shearson Lehman/Amex	706.2	21	2,662.8	80
4.	Merrill Lynch Capital Mkts.	705.6	32	4,124.7	110
5.	Salomon Brothers	628.1	14	3,406.6	43

Non-convertible preferred stock
(bonus credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Goldman, Sachs	$ 575.6	11	$ 570.3	18
2.	Shearson Lehman/Amex	538.3	13	386.9	22
3.	Merrill Lynch Capital Mkts.	440.4	20	804.3	25
4.	Salomon Brothers	431.1	15	661.1	21
5.	Morgan Stanley	269.7	8	782.1	16

Non-convertible preferred stock
(full credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Goldman, Sachs	$ 884.7	8	$ 824.0	10
2.	Shearson Lehman/Amex	525.0	7	250.0	6
3.	Merrill Lynch Capital Mkts.	470.0	10	823.0	9
4.	First Boston	300.0	4	770.0	9
5.	Morgan Stanley	263.0	5	843.0	13

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Morgan Stanley strong in '84

NEW YORK — Morgan Stanley's strength in U.S. offerings by foreign issuers played a key role in pushing the firm into the upper ranks of the common stock and initial public offering standings last year.

The firm managed the three largest such offerings of 1984 — deals that also counted among the year's biggest equity financings overall.

It helped London-based Reuters Holdings and Cadbury Schweppes raise $107 million and $102 million, respectively, in initial public offerings. Morgan Stanley also was lead underwriter in British Telecommunications' $279 million initial public offering — the single largest equity deal of the year.

As a result, Morgan Stanley led other underwriters in the common stock and initial public offering areas on a full-credit-to-lead manager basis, according to IDD Information Services. It garnered 13.8%, or $1.2 billion, of 1984's $9 billion in common stock volume. Of the $3.8 billion that represented IPOs, the firm held a 17.1% market share, raising $648 million for issuers.

By IDD's bonus-credit measure, however, the firm ranked third and second in the common stock and initial public offering area, respectively.

While Morgan Stanley's historical strength in these two markets has played a role in capturing American depository receipt business, Thomas Saunders, Morgan Stanley's syndicate chief, said the firm also had placed early early emphasis on building its ADR capabilities. It has been one of the firm's "strategic initiatives," along with building up its high technology expertise, he said.

The British Telecom offering underscores the increasing role foreign companies are playing in the domestic equity scene, according to Mr. Saunders.

"I think it says something when the largest equity deal, not to mention the largest IPO, is by a foreign company," he asserted. "There has been significant growth in this area in the last two to three years. The ADR market is one where the equity business is headed."

The trend stems from the internationalization of the corporate arena, and recognition by foreign entities that the U.S. capital markets, the largest in the world, can best accommodate their financing needs.

More recently, there has been a general acceptance by foreign corporations to register under requirements of the Securities and Exchange Commission, said Mr. Saunders. Moreover, foreign companies now are working deliberately to establish shareholder distribution patterns that reflect the geographical breadth of their commercial interests.

These factors, combined with increased demand from U.S. pension funds looking to diversify internationally, have set the stage for a growing ADR market.

Morgan Stanley's standing in the equity rankings came in a year when a sluggish stock market kept issuers and investors out of the market. Common stock volume dropped 75% from its 1983 level. Likewise, total IPOs dropped 70% in 1984 from their high in 1983.

The firm's standing in this environment is a logical one, Mr. Saunders said. "The type of company that we work with tends to be higher quality and the kind of deals that can get done in difficult markets," he explained.

Officials at Morgan Stanley were quick to refute arguments that overpricing of high-technology IPOs in 1983 largely led to the drop in 1984 volume.

Most companies "weren't placed incorrectly," said Mr. Saunders. "They were placed in the fever of 1983" — a year when a robust stock market led to an influx of maturing venture capital companies.

"High-technology companies could be sold standing on a street corner," Mr. Saunders said. In 1984, investor attitudes changed, and the high-tech marketplace was re-evaluated.

Despite the downturn, Morgan Stanley considers 1984 a good year for the IPO market. Volume was up 63% from that generated in 1982, a more realistic benchmark by which to judge, Mr. Saunders said. In addition, IPOs as a percentage of common stock financings have continued to climb: That market represented about 42% of common stock volume last year, compared with about 10% in 1982.

In other areas, Morgan Stanley was the leading underwriter of utility financings in 1984, another stronghold for the firm. It took almost 20% of the utility offerings issued last year on the basis of bonus credit to lead manager and almost

Continued on page 16

Source: IDD Information Services

Non-convertible debt
(bonus credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Salomon Brothers	$ 17,933.2	245	$ 9,344.6	192
2.	First Boston	8,304.2	179	5,514.1	102
3.	Drexel Burnham Lambert	7,666.9	80	4,270.5	65
4.	Merrill Lynch Capital Mkts.	7,266.9	182	6,093.4	164
5.	Goldman, Sachs	6,130.5	139	5,150.9	111

Non-convertible debt
(full credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Salomon Brothers	$ 20,142.7	164	$ 10,820.9	113
2.	Drexel Burnham Lambert	9,580.2	69	4,657.9	52
3.	First Boston	8,295.4	102	6,665.6	53
4.	Merrill Lynch Capital Mkts.	7,041.6	76	5,942.4	71
5.	Goldman, Sachs	5,317.6	55	4,929.6	47

New issues of corporate securities

January 1, — January 16, 1985

Issue date	Company	Amount ($ mil.)	Type of security	Offering price Debt (%) Share ($)	Gross spread as % offer price	Where traded (to list)	Managers
1/7	ARA Manufacturing-Delaware	50.00	S.F. Deb.	100.00%	3.900	OTC	Drexel Burnham Lambert
1/7	Saint Elizabeth Medical Center	18.00	Ext. Flt. Mtg.	100.00%	3.250	OTC	S.C. Zeigler
1/8	American Capital Bond Fund	50.00	Cvt. Ex. Note	100.00%	1.250	NY	Drexel Burnham Lambert
1/8	Boise Cascade	100.00	Note	99.37%	.654	NY	Salomon/First Boston/Lazard Freres
1/8	Fairfield Communities	35.00	Sub. Note	100.00%	2.950	NY	Drexel Burnham Lambert
1/9	American Home Finance III	8.02	Col. Bond	100.00%	3.500	OTC	Bacon Stifel Nicolaus/J.C. Bradford
1/9	Burlington Northern Railroad	16.70	Equip. Trust	100.00%	.750	OTC	Salomon Brothers/Morgan Stanley
1/9	Burlington Northern Railroad	16.65	Equip. Trust	100.00%	.650	OTC	Salomon Brothers/Morgan Stanley
1/9	Burlington Northern Railroad	16.65	Equip. Trust	100.00%	.550	OTC	Salomon Brothers/Morgan Stanley
1/10	Equitable Life Leasing	35.00	Medium Note	100.00%	.225	OTC	Smith Barney, Harris Upham
1/10	Equitable Life Leasing	25.00	Medium Note	100.00%	.186	OTC	Smith Barney, Harris Upham
1/10	International Bank-Recon. & Dev.	150.00	Flt. Note	99.87%	.501	OTC	Salomon Brothers
1/10	Zenith Electronics	75.00	Note	99.62%	.753	OTC	Morgan Stanley
1/10	Ipalco Enterprises	26.40	Common	$33.00	2.652	NY/MW	Kidder Peabody/Shearson Lehman-Amex/Merrill Lynch
1/11	Ryland Acceptance Three	31.20	Col. Bond	100.00%	3.500	OTC	A.G. Edwards/Wheat (Banks)/J.J.B. Hilliard/Ohio Co.
1/11	Kroger	34.09	Common	$25.25	6.257	AM	Dean Witter Reynolds
1/11	Paine Webber Group	75.00	Cvt. Preferred	$25.00	4.000	NY	Paine Webber/First Boston
1/14	Geriatric & Medical Centers	5.00	Sub. Deb.	100.00%	6.500	OTC	Advest Co.
1/14	Centrafarm Group	6.75	Common	$6.75	7.037	IPO	L.F. Rothschild, Unterberg, Towbin
1/15	Citicorp	250.00	Note	100.00%	.350	NY	Goldman, Sachs/First Boston/Kidder Peabody/Merrill/Salomon
1/15	Norstar Bancorp	100.00	Flt. Sub. Note	99.80%	.501	NY	Salomon Brothers
1/15	Ryan Mortgage Acceptance	13.00	Col. Bond	100.00%	3.500	AM	DWR/EFH/PBS/SLAE/SBH/A.G. EDWARDS
1/15	Seaboard System Railroad*	11.73	Equip. Trust	99.02%	.404	OTC	Morgan Stanley/Kidder Peabody
1/15	Sweden	200.00	Bond	99.60%	1.129	OTC	SAL/FBC/MLCM/POST-OCH-KREDITBANKEN/SVENSKA*
1/15	Seagull Energy	13.92	Common	$16.37	5.802	NY	Shearson Lehman-Amex/First Boston/Salomon
1/17	Associates of North America	100.00	Sr. Note	99.93%	.250	OTC	Merrill Lynch Capital Markets
1/17	Chrysler Financial	200.00	Note	99.62%	.652	OTC	Salomon/Merrill Lynch Capital Markets
1/17	Continental Home Finance	11.00	Mtg. Backed	100.00%	3.750	OTC	Piper, Jaffray
1/17	Nuviaica	6.82	Common	$13.25	8.000	IPO	The Ohio Co.
1/17	Public Service Electric & Gas	182.00	Common	$26.00	2.308	NY	Merrill Lynch Capital Markets/Kidder Peabody
1/17	A.L. Williams	22.69	Common	$8.25	7.636	OTC	Stephens/Bear (Banks)/Robinson-Humphrey-Amex
1/18	Chrysler Financial	200.00	Note	100.00%	.675	OTC	Salomon/Merrill Lynch Capital Markets
1/18	PDA Engineering	7.25	Common	$7.25	7.172	IPO	Prudential-Bache Securities/L.F. Rothschild, Unterberg Towbin
1/18	Parinl Investment Properties	15.00	Cvt. Preferred	$10.00	7.200	AM	Paine Webber

Source: Securities Data Corp., New York
**Competitive*
Col.: Collateralized
Sub.: Subordinated

S.F. Debs.: Sinking Fund Debentures
Equip. Tr.: Equipment Trust Certificates
Flt. Sub. Note: Floating rate subordinated notes
Mtg. Backed: Mortgage-backed Bonds
Cvt. Ex. Notes: Convertible Extendable Notes

'Dean Witter Reynolds/E.F. Hutton/Pru-Bache/Shearson/Smith Barney/A.G. Edwards
'Salomon/First Boston/Merrill Lynch/Post-Och Kreditbanken/Svenska Handelbanken

AM: American Stock Exchange
IPO: Initial Public Offering
NY: New York Stock Exchange
OTC: Over the Counter
MW: Midwest

Morgan . . .

Continued from page 15

30% when full credit was allotted the lead manager, according to IDD.

In addition, the firm ranked second for convertible preferred stock financings and fifth in the rankings for straight preferred.

Overall, Morgan Stanley placed seventh, with a 5.1% market share.

The firm's market share in the utility arena increased at a time when public financings in this industry have been declining.

Volume in 1984 totaled $9.5 billion, compared with $16.2 billion in 1983. Volume totalled $18 billion in 1982.

The precipitous drop in last year's activity was due, in part, to the absence of American Telephone & Telegraph Co. and its newly divested regional companies in the financing arena, said John Barr, who heads up Morgan Stanley's utility group.

A longer term factor in the decline is that utility financing needs have slackened as large construction projects have neared completion, he added.

While new financings for these types of projects are expected to continue their downward trend, Mr. Barr cited two areas where utility financing needs are on the rise.

"We are seeing more merger and acquisition activity coming out of the gas industry," he said. Utilities likely will have to enter the public markets to fund them.

In addition, utilities are expected to return to the public markets to refinance debt issued for construction projects. ■

Tom Saunders

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Convertible debt
(Bonus credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Shearson Lehman/Amex	$ 940.4	10	$ 690.8	12
2.	First Boston	818.0	14	659.2	14
3.	Goldman, Sachs	472.8	8	493.3	11
4.	Merrill Lynch Capital Mkts.	422.9	13	1,112.8	19
5.	Drexel Burnham Lambert	325.0	9	871.8	21

Convertible debt
(full credit to lead manager — $ millions)

1984 rank	Manager	1984 Amount	1984 Issues	1983 Amount	1983 Issues
1.	Shearson Lehman/Amex	$ 1,055.0	7	$ 880.0	10
2.	First Boston	828.6	10	842.5	11
3.	Goldman, Sachs	465.0	4	570.0	7
4.	Merrill Lynch Capital Mkts.	405.0	7	1,121.6	14
5.	Drexel Burnham Lambert	330.0	9	924.1	19

Source: IDD Information Services

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Pensions & Investment Age

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Oklahoma might tap pension assets

By Fred Williams

OKLAHOMA CITY — Oklahoma Gov. George Nigh is eyeing the state's pension reserve fund as a possible source of revenue to help balance the state's 1986 budget.

Included in his budget package to the Legislature is the possibility of using up to $80 million from the fund.

The reserve fund principally is used to help fund the $1.2 billion Oklahoma Teacher Retirement System and to reduce the unfunded liabilities of the $58.3 million Oklahoma Law Enforcement Retirement System, the $173.2 million Oklahoma Police Retirement System and the $210 million Oklahoma Firefighters Pension and Retirement Fund.

The pension reserve fund was established by the Legislature in 1982, and is funded by a fraction of the state's gross production tax on natural gas. The first $125 million collected in the fund annually is earmarked for the Teacher Retirement System, with the balance allocated by the Legislature to the other retirement programs.

The state is facing a $121 million shortage of funds during the next fiscal year to continue state government at its current level. The Oklahoma Constitution mandates a balanced budget each year.

Leaders in both houses of the Legislature are opposed to tapping the pension reserve fund, sources say. No action has been taken on the proposal, and the governor has not yet pressed the matter.

Rodger Randle, a Democrat and president pro tem of the state Senate, said he will resist any attempt by the governor to use the fund for "any other state expenses."

Mr. Randle said the fund should continue to be used to help reduce the unfunded liability in the state's retirement systems, even though the pension funds now are "taking in more than they are paying out."

Mr. Randle said the state should not have to depend on taxes from a non-renewable resource such as natural gas indefinitely to help pay off the unfunded liabilities.

According to a spokesman, the governor believes using a portion of the fund would not jeopardize the state's retirement system and that if his program is adopted, there still would be about $100 million in the fund at the end of fiscal year 1986.

Jerry Canida, an auditor in the State Legislative Fiscal Office, said the fund has a balance of $66 million.

In 1982, the Legislature appropriated $59.2 million to the state's retirement funds from the starting balance of $66.9 million. The remaining $7.6 million was added to the 1983 fiscal year balance of $99.9 million, from which the Legislature appropriated $76.9 million.

In 1984, the Legislature appropriated $26.8 million from the fund, leaving the current balance of $66 million. In 1985, it is estimated $136 million will be available with scheduled appropriations of $31.3 million, leaving a balance of $104.7 million, according to Mr. Canida.

State officials say most of the appropriations from the fund are applied toward unfunded liabilities of nearly $230 million in the police pension fund, $309 million in the firefighters fund and $75 million at the law enforcement fund. ■

Cuts contributions by 10%

Camco opts for zeros

By Barry B. Burr

HOUSTON — Camco Inc.'s pension plan is financing $16.4 million in future liabilities with $1.5 million in zero-coupon Treasury securities.

Camco officials said the zeros will enable the company to cut its annual corporate pension contribution by about 10%, or $300,000 in 1985.

At the same time, Camco's investment might be part of a growing trend by pension funds to use zero-coupon securities. Pension industry observers view the securities, which lock up a return, as an option to guaranteed investment contracts or dedicated bond portfolios.

Zero-coupon securities come in a variety of names, such as treasury receipts, CATS (certificates of accruals on Treasury securities, issued by Salomon Brothers Inc.) and TIGRs (Treasury income growth receipts, issued by Merrill Lynch Capital Markets).

They are, in effect, modified Treasury bonds and notes and retain the full backing of the government as does any other Treasury security. Investment bankers strip off the semiannual coupons and sell the principal as a separate security. It is sold at a deep discount from the face value, received at maturity.

Like other investors, Camco receives only the maturing principal, no periodic interest from coupons. The difference between the discount price and the face value represents the accumulating interest.

By avoiding the risk of reinvesting coupon interest at possibly a lower rate, Camco locks in the bond's yield to maturity, said Herbert S. Yates, vice president-finance.

Camco bought its zero-coupon securities from Bear, Stearns & Co., New York, in September.

According to its latest data of Aug. 1, 1983, Camco's pension plan was about 55% overfunded on a termination basis. It had $7.4 million in assets, while the present value of its accrued liabilities, using an 8% assumed rate of return, was $4.7 million.

The company said the plan, started in 1974, now has about $8 million in assets; the company has

Continued on page 63

Late news

Interfund transfer rule

WASHINGTON — Federal agencies imminently will issue interim guidance concerning transfers of surplus assets from one pension plan to another, said Charles Tharp, executive director of the Pension Benefit Guaranty Corp.

The issue of interfund transfers surfaced in an Internal Revenue Service letter saying the transfers were permissible under certain conditions.

However, government officials and pension experts say the controversial letter was silent on key sections of the law.

Audit finds excesses

ST. PAUL, Minn. — An audit of the state Public Employees Retirement Association found board members "at times exceeded their

Continued on page 2

Tysons Corner Regional Shopping Center, McLean, Va.

4 funds are key in mall purchase

By Mark Westerbeck

Four tax-exempt funds are the major participants in a $168.9 million acquisition of the largest regional shopping mall in the Washington area.

The Alaska Permanent Fund, Juneau, Alaska, provided 14%, or $23.65 million, of the deal. The other funds reportedly include General Motors Corp., New York; British Gas, London; and Atlantic Richfield Co., Los Angeles. According to a source, GM was the key player in the deal, assuming a 50% stake.

The funds were joined to a much smaller degree by a limited partnership for foreign investors and a commingled pool for pension funds, both run by Lehndorff & Babson Real Estate Counsel Inc., Boston.

The real estate firm put the deal together for the Tysons Corner Regional Shopping Center in McLean, Va.

Lehndorff & Babson would not discuss even the nature of the pension funds in the deal.

The acquisition included roughly $147 million cash and the assumption of a $22 million mortgage on the mall building, carrying a 6% interest rate.

Representatives of the pension funds or their advisers — which in the GM case was believed to include Aldrich, Eastman & Waltch Inc., Boston — either would not comment on the acquisition or did not respond to telephone calls.

Lehndorff & Babson's $35 million closed-end pool for pension funds put $10.5 million into the deal.

A United States-based partnership, whose limited part-

Continued on page 61

Thomas Lardner ... his firm put the deal together.

Reduction expected in financings

By Marci Baker

Yen-denominated Eurobond financings by U.S. companies ground to a halt at the end of January after an initial two-month influx of issuers into the marketplace.

Market congestion and less availability of bargain-basement swaps have fueled the retrenchment, investment bankers said.

When Japan's Ministry of Finance allowed highly rated U.S. issuers to enter the Euroyen market Dec. 1, no less than 16 issuers stepped up to offer almost $1.5 billion of the bonds.

Among them were Sears, Roebuck & Co., TRW Inc., Allied Corp., Dow Chemical Co., General Motors Acceptance Corp. and the Federal National Mortgage Association.

Corporate finance

Despite rumors that a number of large U.S. issuers still are looking to do Euroyen financings, some investment bankers expect fewer issuers to move into the market.

"The market has been very good up until recently," said Tetsuo Kadowaki, vice president-investment banking at Nomura Securities International Inc. in New York.

"I am very pessimistic that this will continue over the year to come," he said.

Still, the consensus is Euroyen bonds will evolve into an important financing option for U.S. companies in the long term. What is unknown is just how important that market will be.

"There's not a broad natural market for these yen deals yet," said Jay Thompkins, a managing director at Morgan Stanley & Co., New York. "If the total volume (for U.S. issuers) comes to $3 billion for the year, I would consider that good."

What led most issuers into the Euroyen market until now was the cheap funding costs that Japanese investment houses have offered through interest rate and currency

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2 Mobil subsidiaries dedicate pension assets

By Barry B. Burr

CHICAGO — Two subsidiaries of Mobil Corp. — Montgomery Ward & Co. and Container Corp. of America — put substantial parts of their pension assets into dedicated bond portfolios.

Another unit, Mobil Oil Corp., New York, as previously reported, also dedicated a large part of its pension assets.

Mobil Oil and the two Chicago-based subsidiaries have separate pension plans.

Ward and Container both hired Lincoln Capital Management Co., Chicago, to set up and manage the portfolios. Each put 30% of their pension funds into the bond portfolios.

Despite the similarities, officials of both companies said the dedications were coincidental and unrelated.

Besides the similar dedications, Ward and Container have several investment managers in common: Sanford C. Bernstein & Co., New York; Jennison Associates Capital Corp., New York; and Stein Roe Farnham, Chicago. In addition, Lincoln previously has managed fixed income for both funds.

Mobil officials couldn't be reached for comment.

Ward dedicated $200 million of its $660 million pension fund last November, said Charles H. Thorne, the company's news service manager.

A month before, Container put $83 million of its $277 million pension fund into a dedication technique known as horizon matching, according to a written statement by James R. Fallen, Container's treasurer.

Container officials said the dedicated bond portfolio's annual internal rate of return is 12.5%. Ward declined to disclose its portfolio's yield.

A Ward spokesman said the pension fund had $660 million in assets as of Sept. 30, up 12% from $591 million the previous year.

As of Jan. 1, 1983, the latest data, Ward said the present value of its pension liabilities, using a 7.5% discount rate, was $636 million, up 5.5% from the $603 million the previous year.

Container officials declined to disclose further information about their pension plan.

Neither Ward nor Container officials would reveal whether any investment managers were dropped due to the dedications.

However, Mr. Thorne said Ward continues to employ the aforementioned managers, plus Miller Anderson Sherrerd, Bala-Cynwyd, Pa.; Weiss Peck & Greer, New York; and Fidelity Management Trust Co., Boston.

Container officials declined to comment about current managers; the pension fund had employed, in addition to the others noted, Frontier Capital Management Co., Boston.

Officials of both companies declined to comment on the impact the dedications might have on their pension contributions and liabilities.

A dedication locks in a high yield on bond portfolios, mainly by avoiding reinvestment risk.

Because the returns have a greater certainty than those for, say, equity investments, pension plans often raise their assumed investment return, used to determine the corporation's annual pension contribution and present value of liabilities, and cut those contributions and liabilities.

Dedication, also known as cash-flow matching, matches a group of assets (the bonds) to a group of liabilities (some retiree benefit payments). Bonds are purchased so their cash inflows from coupon interest and maturing principal matches as closely as possible the periodic outlays required to pay benefits. ■

City fund uses 'new' collateral

By Trudy Ring

MINNEAPOLIS — The $600 million Minneapolis Employees Retirement Fund has made an unusual investment by pledging about $5.2 million in U.S. Treasury securities as collateral on government revenue bonds issued on behalf of a local company.

John Chenoweth, executive director and chief investment officer, said he doesn't know if the Minneapolis fund is the first pension fund to provide this option to a bank letter of credit on a revenue bond, but he has heard of no other instances.

"It certainly is a new approach to bond underwriting procedures," he said. The approach probably has not been widely used simply because people are not aware of it, he said. It is more common for bond recipients to use a bank letter of credit or for the issuer to pay for a bond rating.

The Minneapolis employees' fund has made an unusual investment.

The investment is desirable for several reasons, Mr. Chenoweth said.

Reinvestment of a fee paid by the local company will give the fund a substantial yield, while the investment is good from a social standpoint because it is in the Minneapolis area, he said.

The city of Minnetonka issued the $4.7 million in 10-year commercial development revenue bonds on behalf of the company, Woodbridge Properties Partnership, Minneapolis, to construct a three-story office building in the Minneapolis suburb.

Should Woodbridge default on the bonds, the retirement fund's Treasury securities would pay off the issue and the fund would own the building, known as the Minnetonka Financial Center. Also, Woodbridge has set up a 9-month reserve fund to pay interest on the bonds in the event of default.

Woodbridge paid the retirement

Continued on page 62

ESOPs used more to stop takeovers

By Steve Hemmerick

News analysis

Major companies increasingly are using leveraged employee stock ownership plans to try to avoid hostile takeovers or to take advantage of new tax laws.

Behind that increase is the realization among corporate executives that the establishment of an ESOP can help save their own jobs, which they might lose in a takeover, and allow them to share more in the wealth of the companies they help build.

They also can use an ESOP to help raise capital, and perhaps use that capital to rid themselves of speculators holding sizable shares of their company stock.

For example, Phillips Petroleum Co., the 16th largest company in the Fortune 500 and which has been fighting a succession of takeover bids, has announced it will establish an ESOP that will hold between 24% and 32% of Phillips' common stock.

According to several ESOP experts, most are established in companies with 1,000 or fewer employees; Phillips has 28,400 employees (24,000 of whom will be eligible to participate in the ESOP).

If more companies like Phillips begin ESOPs for whatever reasons,

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Late news

Continued from page 1

statutory authority and incurred costs which are unallowable or unreasonable."

Among the numerous "inappropriate expenditures" cited by the state legislative auditor were some involving C. Michael McLaren, who quit as PERA executive director last August.

Realty fund returns

WESTPORT, Conn. — A preliminary survey by Evaluation Associates Inc. of commingled equity real estate funds shows that on balance they did not keep up with bonds for the fourth quarter or the year 1984, but did outperform stocks.

The median real estate fund of those run by 52 money managers surveyed for the fourth quarter returned 3.4%, compared with 7.4% for the Shearson Lehman Government/Corporate bond index and 1.9% for the Standard & Poor's 500 stock index.

For the year, the median return of 51 real estate funds was 13.5%, compared with the bond index's 15% and the S&P's 6.2%.

Discrimination bill

NEW YORK — A bill has been introduced to the New York City Council that would forbid the investment of pension fund money in companies doing business in Northern Ireland that discriminate against Catholics.

The bill would permit investment in companies doing business in Northern Ireland if they endorse the "McBride Principles," according to the bill's author, Councilman Sal S. Albanese. He described those principles as similar to U.S. affirmative action programs.

He said that as of July, the portfolio of the $21.2 billion New York City retirement system had $247 million invested in 14 companies doing business in Northern Ireland.

Benefits-tax poll

WASHINGTON — Congress should not tax employee benefits, according to 77% of the general public and 80% of chief executive officers surveyed by the Roper Organization.

The poll also found that, of a list of seven items, the least favorite method of raising revenue was by taxing benefits. Greater preference was shown for boosting liquor and cigarette taxes, increasing the corporate income tax, and creating a national weekly lottery.

Late money movers

• NEW YORK — The $863 million Columbia University endowment fund has begun a major reorganization of its assets by hiring Capital Guardian Trust Co. and First Manhattan Co. for discretionary equity management, and by agreeing to sell the land under Rockefeller Center for $400 million cash.

• WASHINGTON — The $220 million Washington Metropolitan Area Transit Authority's pension plan for transit employees added four managers to run $160 million in assets effective March 1, according to William Serelis, supervisor-compensation and benefits.

Lazard Freres Asset Management, New York, and Shields Asset Management Inc., White Plains, N.Y., were picked to run $50 million each in balanced accounts. Dreman & Embry Inc., New York, was hired to run $27 million in equities, while American National Bank and Trust Co. of Chicago will run two accounts, $22 million in its market-expansion fund and $11 million in its Standard & Poor's 500 index fund.

• NEW YORK — The $1.2 billion General Foods Corp. pension trust, in White Plains, N.Y., made Chase Manhattan Bank its sole master trustee. Formerly, Chase was a trustee for the plan along with two other, unidentified banks.

• PITTSBURGH — The roughly $5 billion Rockwell International pension fund hired Mellon Bank in Pittsburgh as its new master trustee, replacing Chase Manhattan. Rockwell officials refused to comment on the move.

• MIAMI — The South Florida Electrical Workers Pension Plan and Trust has split its $18 million in pension assets evenly between two new balanced managers, Oppenheimer Capital Corp. and Lazard Freres Asset Management, both of New York, sources said. Montag & Caldwell Inc., Atlanta, previously the fund's sole manager, was dropped. Martin E. Segal Co., Atlanta, was the consultant.

Personnel news

• NEW YORK — William Miller and Michael Del Priore have joined J.M. Hartwell & Co., a move marking the growth manager's intention to pursue pension fund business.

Messrs. Miller and Del Priore previously were senior officers at Eberstadt Asset Management Inc.

• SACRAMENTO, Calif. — Jake Petrosino has been named chairman of the $25 billion California Public Employees' Retirement System. Mr. Petrosino replaces Richard Carlson.

• NEW YORK — David R. Hodes has resigned as vice president of marketing for Landauer Advisors Inc. to take the same position in the domestic pension operation at Richard Ellis Inc. Mr. Hodes joined Landauer in May.

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Federal Express puts $1.5 million in venture cap, mulls real estate

By Joel Chernoff

MEMPHIS, Tenn. — Federal Express Corp., in the process of revamping its pension asset mix, has made its first venture capital commitment and is on the verge of selecting two real estate managers and investing in an equity index fund.

The young fund soon will be boosted to $83 million from the influx of a $21.8 million contribution. It will continue its expanded asset allocation strategy adopted last year, explained Jeffrey Drinan, senior manager-trust investments.

The pension fund has set its target mix at 50% domestic stocks, 20% fixed income, 12% real estate, 11% international, 5% venture capital and 2% cash, he said.

The investments in real estate, international and venture capital mark new areas for the fund.

The changes will give the fund "greater diversity, more stability and a higher return over the long run," Mr. Drinan said.

The strategy is "slanted toward equities," he added. Because of the company's young work force, the fund can afford a little more volatility, he observed.

The new asset mix was started last spring by the hiring of Templeton Investment Counsel Inc., St. Petersburg, Fla., for a $12 million global account.

Now, the fund has decided to commit $1.5 million to a venture capital partnership managed by Welsh, Carson, Anderson & Stowe, New York, Mr. Drinan said.

In addition, the fund will commit $2 million each in the next few months to two real estate managers, and likely will add a third real estate manager for an additional $2 million commitment a month later, Mr. Drinan said. That will move the fund nearly halfway toward its total real estate target. He declined to name the managers.

The pension fund also will invest $8 million in index funds run by The Northern Trust Co., Chicago.

Federal Express put roughly $4.5 million in the futures fund last spring, but drained it to cover benefits and other expenses, Mr. Drinan said.

He said the pension fund uses the account as a substitute for cash equivalents, explaining the fund can achieve better returns over the long haul from the index fund.

In addition, Federal Express is adding $3 million to a $13 million equity account managed by Siebel Capital Management Inc., Larkspur, Calif., Mr. Drinan noted.

Federal Express' other equity managers are Batterymarch Financial Management, Boston, and Fred Alger Management Inc., New York. Wertheim Asset Management Services Inc., New York, was dropped last year because of poor performance, Mr. Drinan said.

All of the fund's fixed-income assets are invested in guaranteed investment contracts, but the pension fund is exploring other options, he added. ■

Corrections

• Figures for some insurance companies in the **PIPER** listings in this issue are net of fees.

Listings in both bond and stock funds are incorrect for: Aetna Life & Casualty; Crown Life, Ontario; General American, Missouri; Lincoln National Pension, Indiana; Manufacturers' Life, Ontario; Massachussets Mutual; Minnesota Mutual; Mutual of New York; New England Mutual, Massachusetts; Pacific Mutual, California; and The Travelers, Connecticut.

Those with incorrect equity listings only are: Banker's Life, Iowa; Connecticut Mutual Life; First Variable Life, Arkansas; Great West Life, Manitoba; Guardian Insurance, New York; Metropolitan Life, New York; and Phoenix Mutual, Connecticut.

Figures for these companies' funds, consistent with those reported by other insurers and banks, will run in the March 4 issue.

• **New York Life Insurance Co.** was omitted from the list of leaders in new business gains for guaranteed investment contracts in the money management "Scorecard" in the Jan. 7 issue of *Pensions & Investment Age*. In the period tracked by Scorecard — Jan. 1 to Nov. 15, 1984 — the New York-based insurance company gained $1.129 billion in GIC business, which would have placed it fourth.

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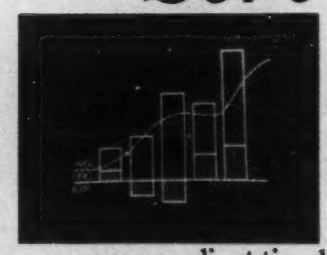

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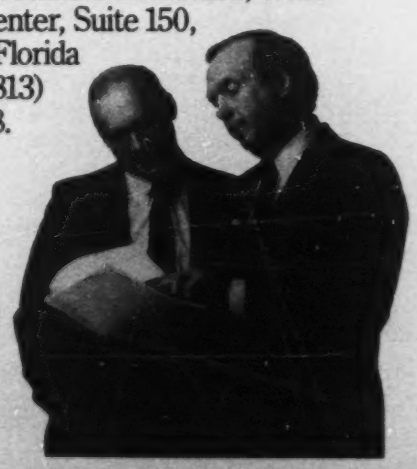

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The statistical data is extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

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Bond funds follow roads to success

By Trudy Ring

There was no one road to the top for bank and insurance company pooled bond funds during 1984. Leading managers in Pensions & Investments' Performance Evaluation Report followed a variety of investment approaches and market forecasts.

Officials of some pooled funds attributed their success to interest rate forecasting, while others did no forecasting at all. Some look for rates to decline further this year, while others look for the decline to slow. Some predict an end to rising prices, while still others say prices will fluctuate wildly.

The leading performer in PIPER for 1984 was IAA Trust Co. of Bloomington, Ill., whose $5 million commingled trust fund for bonds returned 19.2%. The benchmark Shearson Lehman Government/ Corporate Bond Index returned 15%.

The fund uses a mixture of government and corporate issues, said John Jacobs, investment officer. Government and mortgage-backed securities account for about 60% of the portfolio, with corporate bonds accounting for 40%.

During the last quarter of 1984, the fund sold some short- and intermediate-term government issues and bought finance company put bonds and mortgage-backed securities, Mr. Jacobs said.

Earlier in the year, the fund extended the maturity of the portfolio and went heavily into Treasury issues. However, in anticipation that price appreciation is ending, IAA now is becoming more cautious and has shortened maturities, Mr. Jacobs said.

The average maturity in the portfolio is now about 12 years and the average quality rating is double A.

IAA's return for the fourth quarter was 8.2%, making it 13th among fixed-income funds in PIPER. The Shearson Lehman index had a 7.4% return for the quarter.

Life Insurance Co. of Virginia's bond fund was the second best performer for the year, best for the quarter and near the top in all time periods.

The $256 million Richmond-based fund had a return of 18.9% for the year and 10.2% for the quarter.

It also had the best compound annual return for the three years ended Dec. 31, 1984, 21.7%; second best for the five years, 14.9%; and second best for 10 years, 12.7%. The Shearson Lehman index returned 17.6% for three years, 12.5% for five years and 9.5% for 10 years.

An official of Continental Investment Advisors Ltd., Richmond, which manages the fund, attributed its success to an unusual management style.

At the end of 1984, bonds with sinking fund provisions accounted for about 94% of the portfolio, said Dave Hale, Continental Investment's senior vice president for marketing.

When bonds have sinking fund provisions, the issuer is obligated to retire a certain amount each year. This allows the fund to pick up a capital gain and modest coupon income, Mr. Hale said.

Charlie Keller, Continental Investment's chief investment officer, and James L. Londrey, its administrative head, developed this style more than a decade ago because they didn't want to try to forecast interest rates or time the market, Mr. Hale said.

He said the portfolio typically stays fully invested, and is primarily in corporate bonds because there are not many sinking fund issues in the government sector.

At the end of 1984, the fund was 51.5% in industrial issues, 34.7% in utility bonds, 8% in railroad bonds, 3.5% in U.S. government securities and 2.3% in Canadian issues, Mr. Hale said. Average maturity is 10

Continued on page 25

Managers struggle to match S&P 500

By Mark Westerbeck

NEW YORK — For the second consecutive year, pension funds were better off in an index fund during 1984 than in an actively managed pool, the PIPER report affirms.

The 1984 Pensions & Investments' Performance Evaluation Report showed most bank and insurance company commingled funds had a hard time keeping up with the Standard & Poor's 500 index during the year. Of the 254 pooled equity funds tracked during 1984, 181, or 71%, failed to match the growth in the market index of 6.3%. The median for all funds was 3.2%.

The top funds most often were the smaller bank and insurance companies that chiefly made the interest rate play of investing in utility and finance stocks, two sectors that paced the market in 1984.

They tended to be conservative in a market viewed as played out, looking for highly capitalized issues with low price-earnings ratios, and sometimes held high cash positions.

Six of the year's 10 best performing funds held less than $10 million in assets, with the other four in the $10 million to $50 million range.

The best performer among the $50 million to $100 million funds was 13th overall, and from the large category of those of at least $100 million in assets, the highest ranked — Fidelity Management Trust Co., with 10.8% — was 19th.

Among money center institutions, the only ones to outperform the S&P in 1984 were two John Hancock Mutual Life Insurance Co. funds, and one each run by Mellon Bank, U.S. Trust Co. and Irving Trust Co.

Market studies show the small-capitalization stocks that had fueled market growth through the first half of 1983, particularly the high technology issues, fell out of favor during 1984, and some manager performance reflected that.

The top fund for the year was the Bank of the West's $3 million equity fund, which significantly outdistanced the market for the year due to its long-term strategy for electrical utilities.

At year end, the San Jose, Calif., institution had its fund 82% in utilities, such as **American Electric Power Co. Inc., Dayton Power and Light, Dominion Resources, Public Service Co. of Colorado** and **South Carolina Electric & Gas Co.**

As a result, the fund returned 26.1% for the year, almost 6% more

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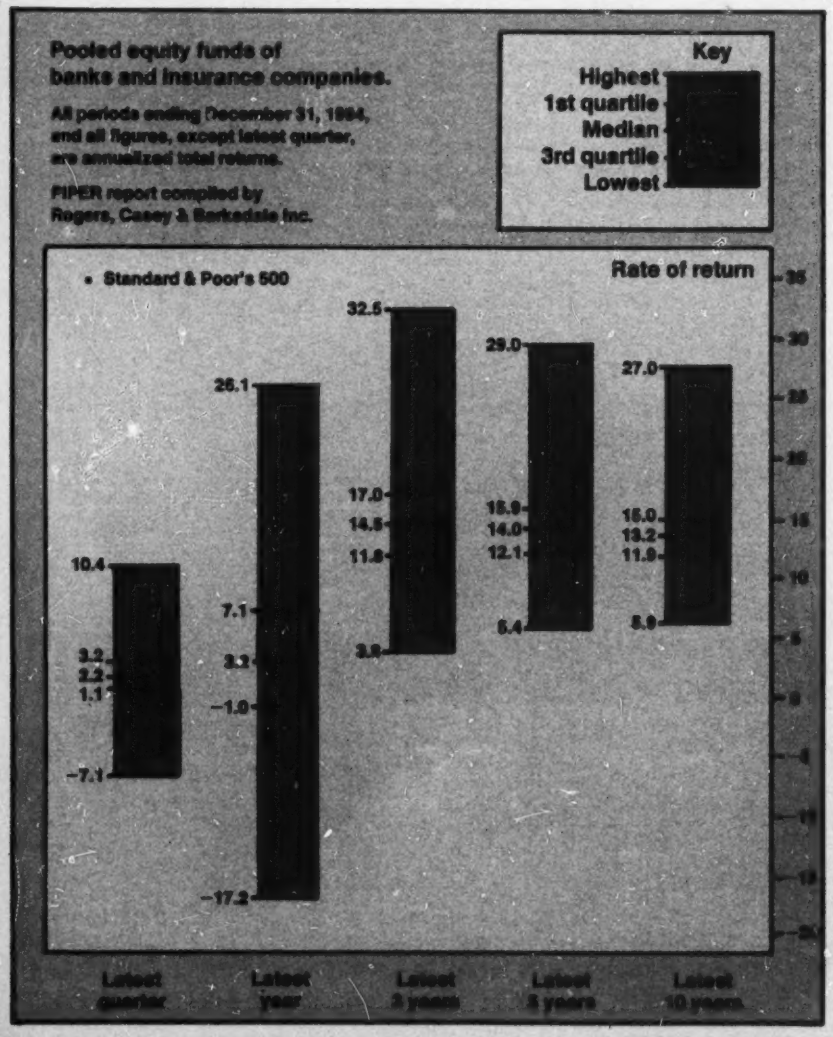

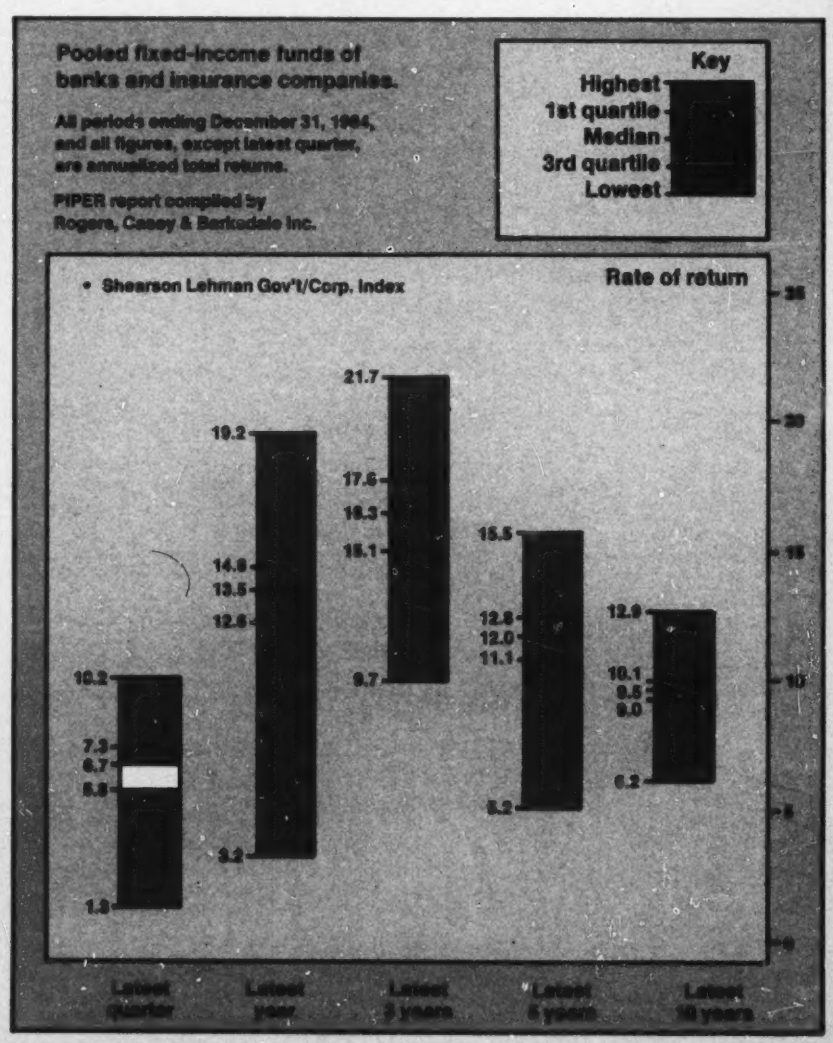

Equity performance

Cumulative periods ending 12/31/84

	No. of years			
	1	5	10	DCR
	%			
Aetna Life & Casualty, Conn.	3.6	16.6	17.3	1
Allied Bank, Texas	1.7	12.3	11.5	8
American Fletcher, Ind.	1.4	13.4	12.7	7
American National, Minn.	–1.7	8.1	10.0	10
American National (Eq. fund), Ind.	7.9	14.5	13.2	6
American Natl. (Growth fund), Ind.	5.4	14.6	12.9	6
American National Bank, Tenn.	9.7	14.1	12.3	8
American National (Active), Chicago	3.5	17.5	(1)	—
American Natl. (S&P 500), Chicago	6.3	14.8	14.6	3
American Security, D.C.	–2.3	14.7	12.9	6
AmeriTrust, Ohio	7.6	14.9	14.2	4
AmSouth, Ala.	0.2	20.4	21.3	1
BancTexas, Dallas	5.7	11.6	13.2	6
Bank of America, Calif.	–3.3	6.5	9.2	10
Bank of California (Flex. eq.)	4.3	14.5	12.3	7
Bank of California (Inc. eq.)	13.8	(1)	(1)	—
Bank of Delaware	–1.1	15.7	15.3	3
Bank of New England, Mass.	16.2	(1)	(1)	—
Bank of New York	4.2	11.2	11.0	9
Bank of Oklahoma, Okla. City	5.6	12.3	9.9	10
Bank of Oklahoma, Tulsa	7.7	15.1	15.6	2
Bank of the West, Calif.	26.1	(1)	(1)	—
Bank One, Ohio	0.0	13.6	10.5	9
Bankers Life, Iowa	–0.4	15.2	19.6	1
Bankers Trust (Eq. fund), N.Y.	1.2	13.2	13.0	6
Bankers Trust (Index), N.Y.	5.9	15.2	(1)	—
Bessemer Trust, N.Y.	–5.3	14.9	18.2	1
Beverly Bank, Ill.	–3.4	9.6	13.5	5
Boatmens Bank, K.C., Mo.	–5.2	6.8	(1)	—
Boatmen's National, Mo.	–7.8	11.6	10.4	9
Boston Safe Deposit, Mass.	3.3	13.7	11.7	8
Branch Bank & Trust, N.C.	1.4	13.2	(1)	—
California First Bank	–13.9	12.5	9.4	10
Centerre Trust, Mo.	12.6	17.2	13.1	6
Central Bank Denver	–6.4	10.6	9.7	10
Central Natl., Cleveland	5.0	14.0	15.3	3
Central Penn, Pa.	11.1	15.0	13.4	5
Central Trust, Ohio	–1.9	10.7	12.4	7
Chase Manhattan, N.Y.	–1.1	15.6	13.3	5
Chicago Title & Trust	2.4	14.6	16.0	2
CIGNA Corp., Conn.	2.2	13.9	14.4	4
Citibank, N.Y.	2.5	14.9	13.2	6
Citizens Chillicothe, Mo.	–9.7	12.9	21.6	1
Citizens Fidelity, Ky.	6.5	14.6	(1)	—
Citizens Trust Co., Wis.	–14.3	13.3	(1)	—
Citizens & Southern, Ga.	2.8	9.7	10.7	9
Citytrust, Conn.	9.6	17.5	14.4	4
CNA Insurance, Ill.	0.4	9.4	10.1	10
College Ret. Equities Fund	4.7	14.7	14.1	4
Comerica Bank, Mich.	7.3	12.3	12.4	7
Commerce Bank, K.C., Mo.	1.4	11.4	9.9	10
Commonwealth Natl., Pa.	–5.0	13.1	14.1	4
Confederation Life, Ontario	5.4	17.8	20.0	1
Connecticut Bank & Trust	1.9	14.0	12.8	7
Connecticut Mutual Life	4.1	18.1	13.7	5
Connecticut National Bank	–1.5	11.2	12.3	7
Continental Bank, Pa.	3.0	14.3	13.7	4
Continental Illinois	–2.4	11.6	11.7	8
County Bank of St. Louis	2.2	13.5	11.7	8
Crocker National, Calif.	0.7	12.5	12.9	6
Crown Life, Ontario	1.5	9.4	13.5	5
Cullen Bank, Texas	8.8	13.3	(1)	—
Dauphin Deposit, Pa.	7.6	17.7	(1)	—
Dominion Trust, Va.	8.4	16.6	(1)	—
Employers Life of Wausau, Wis.	–14.8	16.0	16.1	2
Equibank, Pa.	3.7	11.1	8.6	10
Equitable Bank, Md.	–2.8	14.9	15.3	3
Equitable Life (No. 1), N.Y.	3.7	13.6	13.4	5
Equitable Life (No. 4), N.Y.	–1.8	16.9	16.2	2
Fidelity Bank, Pa.	6.9	10.4	10.2	9
Fidelity Mgmt. Trust, Mass.	10.6	(1)	(1)	—
Fidelity National, La.	1.7	13.2	(1)	—
Fifth Third Bank, Ohio	3.1	16.3	16.0	2
First Alabama Bank	10.1	16.6	12.9	6
First Bank Milwaukee	–1.5	15.6	12.9	6
First Citizens, N.C.	2.0	13.1	(1)	—
First City Dallas	5.6	10.0	11.2	9
First City Natl., Houston	–2.8	14.3	13.1	8
First Fidelity, N.J.	3.9	12.1	12.1	8
First in Bartlesville, Okla.	10.7	16.2	14.6	3
First Interstate of Ariz.	1.8	10.8	12.2	9
First Interstate of Calif.	2.6	9.3	11.9	8
First Interstate of Denver	–7.6	16.8	16.4	2
First Interstate of Nevada	–5.2	16.4	(1)	—
First Interstate of Oregon	18.0	18.6	17.1	1
First Interstate of Wash.	6.3	16.2	16.6	2
First Jersey Natl., N.J.	7.5	13.7	14.8	3
First Kentucky Trust	0.5	14.1	12.8	7
First Natl., Lincoln, Neb.	5.8	15.0	14.2	4
First Natl. of Commerce, La.	–3.9	14.2	12.9	6
First Natl. of Tulsa, Okla.	–6.8	9.9	9.5	10
First of Allentown, Pa.	–0.4	8.8	10.5	9
First of America (Cap. G.), Mich.	18.0	(1)	(1)	—
First of America (Eq. fund), Mich.	20.8	15.9	16.5	1
First of Chicago	5.4	14.4	14.1	4
First of Cincinnati	4.0	13.2	12.3	8
First of Elgin, Ill.	4.4	13.4	(1)	—
First of Kansas City, Mo.	2.4	13.2	9.9	10
First of Kenosha, Wis.	–0.9	9.7	14.4	4
First of Maryland (Eq.)	5.7	13.0	14.3	4
First of Maryland (Inc. eq.)	16.4	(1)	(1)	—
First of Minneapolis	1.4	8.6	11.3	9
First of Mobile, Ala.	4.1	12.8	12.7	7
First of Neenah, Wis.	6.8	13.6	14.6	3
First of Oklahoma	–0.2	21.0	18.0	1
First of Pennsylvania, Erie	–1.5	8.5	13.6	5
First of Shreveport, La.	1.0	10.5	(1)	—
First of Toledo, Ohio	–2.5	8.9	9.8	10
First of Warsaw, Ind.	5.5	16.5	14.8	3
First Pennsylvania Bank	7.9	14.9	13.4	5
First Security Natl., Ky.	4.5	15.7	(1)	—
First Tennessee, Chat.	7.4	17.7	15.6	2
First Trust Corp., Colo.	6.3	18.5	19.6	1
First Trust St. Paul	8.2	15.4	14.1	4
First Union Bank, N.C.	12.7	23.3	17.1	2
First Variable Life, Ark.	–3.3	19.2	20.4	1
First Wis. Natl., Madison	4.2	18.8	20.7	1
First Wisconsin Trust	–3.1	14.1	12.1	8
Fourth Natl., Tulsa, Okla.	2.5	16.2	16.6	2
Fourth Natl., Wichita, Kan.	–2.2	9.2	13.2	5
F&M Marquette Natl., Minn.	–8.9	5.8	9.6	10
Gary Wheaton Bank, Ill.	15.1	15.8	12.0	8
General American, Mo.	–1.9	11.0	(1)	—
Genesee Merchants, Mich.	–1.1	14.0	11.9	8
Great West Life, Manitoba	3.8	12.0	10.1	10
Greeley National, Colo.	6.4	6.8	12.4	7
Guardian Insurance, N.Y.	11.6	17.3	21.8	1
Hamilton Bank, Pa.	2.7	13.4	11.3	9
Harris Trust, Ill.	6.1	13.1	(1)	—
Hawaiian Trust	0.0	12.2	12.4	7
Heritage Trust, Wis.	–4.1	12.6	11.7	8
Hibernia Natl., La.	1.8	11.0	11.7	8
HT Investors, R.I.	4.5	16.0	13.3	5
IAA Trust Co., Ill.	0.9	17.0	(1)	—
Indiana National Bank	–2.3	12.5	11.4	9
Interfirst Inv. Mgmt. Texas	–1.4	13.8	13.5	5
Irving Trust, N.Y.	7.1	15.8	11.9	8
Jefferson Trust, Ill.	13.6	15.3	14.3	4
John Hancock (Eq. 1K), Mass.	7.8	15.4	(1)	—
John Hancock (Eq. 1L), Mass.	9.4	(1)	(1)	—
Key Trust Co., N.Y.	3.9	12.6	13.1	6
Lake Shore Natl., Ill.	10.7	16.8	15.2	3
Landmark First Natl., Fla.	7.8	15.4	(1)	—
Landmark Union Trust, Fla.	11.7	17.8	18.9	1
Liberty National, Ky.	0.8	9.7	(1)	—
Liberty National, Okla.	0.2	14.1	15.1	2
Life of Virginia	4.3	13.2	16.2	2
Lincoln Natl. Pens, Ind.	0.6	(1)	(1)	—
Lloyds Bank, Calif.	1.3	12.5	10.9	9
Long Island Trust, N.Y.	–0.3	12.4	12.6	7
Manufacturers Detroit	10.7	19.9	15.9	2
Manufacturers Hanover, N.Y.	–2.7	11.3	11.5	8
Manufacturers Life, Ontario	1.7	29.0	27.0	1
Manufacturers & Trader, N.Y.	7.4	5.4	8.6	10
Marine Bank, Pa.	1.0	12.7	(1)	—
Marine Trust, Wis.	–9.3	13.8	13.4	5
Maryland National	–5.8	10.0	9.8	10
Massachusetts Mutual	5.4	17.7	16.5	2
MBank, Austin, Texas	–1.3	6.8	8.8	10
MBank, Fort Worth	11.9	19.1	16.5	2
Mellon Bank, Pa.	8.6	13.4	11.4	9
Mercantile Natl., Ind.	–14.2	(1)	(1)	—
Mercantile Safe, Md.	10.4	17.5	12.7	7
Mercantile Trust, Mo.	7.3	13.9	14.2	4
Merchants Natl., Ala.	1.4	14.8	13.9	4
Merchants Natl., Ind.	–3.4	12.0	12.5	7
Merchants Natl., Pa.	–3.8	11.2	(1)	—
Metropolitan Life, N.Y.	5.3	13.4	11.2	9
Mich. Natl. of Detroit	–4.8	9.4	9.0	10
Mich. Natl. of Grand Rapids	–3.5	10.6	9.7	10
Midlantic Natl. (Common), N.J.	9.6	15.2	14.6	3
Midlantic Natl. (Equity), N.J.	6.7	18.6	(1)	—
Mid-State Bancorp., Pa.	4.6	18.0	(1)	—
Minnesota Mutual	1.6	16.1	15.2	3
Moline National, Ill.	0.8	10.9	13.8	4
Morgan Guaranty, N.Y.	3.0	13.4	(1)	—
MTrust, Texas	3.5	17.9	17.5	1
Mutual Benefit, N.J.	2.1	17.6	15.0	3
Mutual of New York	0.6	11.7	11.4	9
Natl. of Bloomington, Ill.	20.7	13.4	(1)	—
National of Detroit	7.1	11.8	12.2	8
Natl. of Commerce, Neb.	7.5	15.6	15.7	2
Natl. of Commerce, Tenn.	7.1	16.4	(1)	—
Natl. City Cleveland	1.8	15.3	15.4	3
Natl. of Georgia	9.1	11.9	(1)	—
Natwest USA, N.Y.	4.9	14.7	13.5	5
NCNB National, N.C.	0.5	9.7	12.7	7
New England Mutual (Eq.)	–1.9	14.5	13.1	6
New England Mutual (Sep. acc.)	–3.6	19.4	16.7	2
New Jersey National	15.4	14.8	13.1	6
Northern Central, Pa.	–3.1	(1)	(1)	—
Northern Trust (Con. eq.), Ill.	–1.5	14.2	15.3	3
Northern Trust (Div. eq.), Ill.	–2.4	14.0	12.5	7
Ohio Citizens Trust	3.9	15.6	14.7	3
Old Kent, Mich.	8.4	15.4	13.2	5
Old Second Natl., Ill.	4.4	11.7	12.4	7
Olympic Bank, Wash.	5.7	14.9	15.5	2
Oregon Bank	8.2	13.0	13.3	5
Ouachita Natl., La.	7.5	12.0	10.5	9
Pacific Mutual, Calif.	–7.1	9.9	12.5	7
Penn Bank, Erie, Pa.	–5.4	8.9	11.3	9
Philadelphia National, Pa.	2.3	17.7	13.6	5
Phoenix Mutual, Conn.	9.3	15.3	14.3	4
Pioneer Bank, Ill.	–3.0	(1)	(1)	—
Pittsburgh Natl. (OMS), Pa.	2.7	13.6	15.1	3
Pittsburgh Natl. (Eq.), Pa.	–2.6	10.2	(1)	—
Pittsburgh Natl. (Grp. OMS), Pa.	4.6	15.1	(1)	—
Planters National, N.C.	1.7	16.8	(1)	—
Provident Bank, Ohio	–0.7	10.5	13.5	5
Provident Natl., Pa.	9.9	21.0	19.1	1
Prudential (W-5000), N.J.	3.4	13.8	(1)	—
Prudential (VCA-9), N.J.	3.1	12.0	14.6	3
Puget Sound Natl., Wash.	2.2	12.7	11.7	8
Rainier Natl., Wash.	–2.1	14.4	14.0	4
Republic Natl., Dallas	9.8	15.8	14.3	4
Resource Bank & Trust, Minn.	7.1	(1)	(1)	—
Riggs of Washington	5.5	12.7	10.7	9
Seafirst Bank, Wash.	–1.1	9.3	12.5	7
Seattle Trust, Wash.	–3.5	15.1	12.3	8
Security Natl., W. Va.	4.1	(1)	(1)	—
Security Norstar, N.Y.	3.2	16.3	17.3	1
Security Pacific, Calif.	–17.2	(1)	(1)	—
Sentry Life, Wis.	7.7	15.1	13.0	6
Shawmut Bank, Mass.	4.8	(1)	(1)	—
Society Natl., Ohio	2.3	(1)	(1)	—
Southeast Bank, Fla.	10.3	17.2	13.8	4
Sovran Bank, Va.	4.1	14.8	12.5	7
State Street Bank, Mass.	1.6	16.8	12.0	8
Summit Bank, Ind.	7.5	13.9	11.3	9
Summit Trust, N.J.	–2.9	7.9	6.9	10
Sun Bank, Fla.	15.4	22.0	(1)	—
Texas American Bank	5.1	12.1	10.4	9
Texas Commerce	0.6	16.3	14.7	3
Third Natl., Nashville	–4.9	13.0	11.8	8
Toledo Trust, Ohio	7.8	13.5	10.4	9
Travelers, Conn.	1.5	12.6	13.2	5
Trust Co. of Georgia	4.1	13.3	12.9	6
Trust Svcs. of Amer., Calif.	3.8	13.7	13.2	6
Unibanctrust, Ill.	–1.0	12.4	13.2	5
Union Central, Ohio	5.2	17.2	15.2	3
Union Natl., Wichita, Kan.	–3.5	10.0	(1)	—
Union Planters, Tenn.	5.4	15.9	13.4	5
United Carolina, N.C.	7.8	(1)	(1)	—
United Missouri, Kansas City	6.8	14.5	13.1	6
United of Denver	–6.7	19.6	16.5	2
United Virginia Bank	8.7	17.0	14.[illegible]	3
US Natl. of Galveston	9.9	18.6	18.6	1
US Natl. of Oregon	3.5	18.5	18.9	1
US Trust, N.Y.	7.5	12.7	10.6	9
Valley Natl., Ariz.	2.2	11.3	9.8	10
Wachovia Bank (Eq. fund), N.C.	0.8	13.6	13.1	6
Wachovia Bank (Eq. mgmt.), N.C.	5.1	(1)	(1)	—
Wheeling Dollar Bank, W. Va.	4.3	18.2	13.9	4
Wilmington Trust, Del.	0.9	13.0	12.5	7
Standard & Poor's 500	6.3	14.9	14.9	3

Fixed-income performance

Cumulative periods ending 12/31/84

	No. of years			
	1	5	10	DCR
	%			
Aetna Life & Casualty, Conn.	12.8	(1)	(1)	—
Allied Bank, Texas	16.8	14.9	10.6	2
American Fletcher, Ind.	14.5	10.8	9.2	7
American Fletcher, (Int.), Ind.	12.4	10.2	8.9	8
American National, Minn.	13.8	12.6	(1)	—
American Natl. (Bond), Ind.	8.6	11.7	10.0	3
American Natl. (Income), Ind.	7.4	10.2	9.5	6
American Natl., Tenn.	13.7	13.2	10.4	2
American Natl., Chicago	12.8	12.8	9.7	4
American Security, D.C.	14.9	13.6	10.8	1
AmeriTrust (Fixed), Ohio	13.7	11.6	9.7	5
AmeriTrust (Res. fund), Ohio	13.5	13.3	10.1	3
AmSouth (Bond), Ala.	13.5	10.4	8.1	10
AmSouth (Limited), Ala.	12.6	13.0	(1)	—
BancTexas, Dallas	9.2	11.5	9.0	5
Bank of America, Calif.	11.9	9.6	8.3	10
Bank of California	15.5	12.2	9.5	5
Bank of New England, Mass.	12.2	12.9	9.9	4
Bank of New York	13.3	12.3	9.6	4
Bank of Oklahoma	14.4	11.4	8.6	9
Bank of Oklahoma, Tulsa	13.1	10.2	9.3	7
Bank One, Ohio	11.1	12.8	(1)	—
Bankers Life, Iowa	14.8	(1)	(1)	—
Bankers Trust (Fund A), N.Y.	13.1	13.2	9.7	4
Bankers Trust (Fund B), N.Y.	12.2	12.9	9.6	5
Bessemer Trust, N.Y.	12.4	11.0	9.4	6
Beverly Bank, Ill.	16.5	14.3	12.4	1
Boatmen's Natl., Mo.	12.2	12.0	(1)	—
California First Bank	16.0	12.2	10.7	1
Centerre Trust, Mo.	14.9	13.3	10.6	2
Central Bank, Denver, Colo.	7.3	7.6	7.4	10
Central Natl., Cleveland	14.7	12.7	9.8	4
Central Penn, Pa.	13.2	12.2	(1)	—
Central Trust, Ohio	14.9	12.7	9.9	4
Chase Manhattan, N.Y.	8.0	10.0	8.9	8
Chicago Title & Trust, Ill.	11.6	10.8	9.3	7
CIGNA Corp. (Inter.), Conn.	16.1	13.7	(1)	—
CIGNA Corp. (Pub. traded), Conn.	13.4	11.9	10.1	3
Citibank, N.Y.	13.6	12.2	9.6	5
Citizens Fidelity, Ky.	12.6	11.4	9.6	5
Citizens Trust Co. (Income), Wis.	14.0	(1)	(1)	—
Citizens Trust Co. (Mtg.), Wis.	12.3	13.2	(1)	—
Citizens & Southern, Ga.	16.1	10.2	8.1	10
Citytrust, Conn.	13.8	11.5	10.4	2
Colonial American Natl., Va.	14.1	12.1	9.2	7
Comerica Bank (Com.), Mich.	11.9	10.7	9.1	7
Comerica Bank (Int.), Mich.	14.1	(1)	(1)	—
Commerce Bank, K.C., Mo.	13.0	9.8	8.5	9
Commerce Union, Tenn.	12.3	12.6	10.4	3
Commonwealth Natl., Pa.	15.5	11.6	9.8	4
Confederation Life, Ontario	15.3	11.0	8.7	9
Connecticut Bank & Trust	14.9	9.2	7.1	10
Connecticut Natl. (EB Bond)	13.3	12.2	9.7	5
Connecticut Natl. (Int.)	12.7	(1)	(1)	—
Continental Bank, Pa.	3.2	8.2	8.1	10
Continental Illinois	15.4	8.6	8.3	9
County Bank of St. Louis	12.6	12.6	9.7	4
Crocker National, Calif.	15.4	13.2	10.0	3
Crown Life, Ontario	9.9	9.9	7.8	10
Cullen Bank, Texas	12.2	14.3	10.5	2
Dauphin Deposit, Pa.	14.6	11.7	(1)	—
Equibank, Pa.	14.7	11.4	9.1	7
Equitable Bank, Md.	14.0	8.9	9.1	7
Equitable Life, N.Y.	16.6	9.0	7.7	10
Fidelity Bank, Pa.	10.2	12.0	10.9	1
Fidelity National, La.	14.0	11.9	(1)	—
Fifth Third Bank, Ohio	13.8	11.5	(1)	—
First Bank Milwaukee	15.2	12.9	9.9	3
First Citizens, N.C.	12.7	11.0	(1)	—
First City Dallas	16.7	11.7	9.2	7
First City Natl., Houston	15.1	10.3	8.7	9
First Fidelity, N.J.	13.1	12.8	9.9	4
First In Bartlesville, Okla.	13.2	11.9	10.4	2
First Interstate of Calif.	14.9	13.5	10.8	1
First Interstate of Denver	15.3	12.6	9.1	7
First Interstate of Nevada	15.3	(1)	(1)	—
First Interstate of Oregon	13.1	11.6	9.6	5
First Interstate of Wash.	12.6	11.3	9.4	6
First Jersey Natl., N.J.	14.8	13.9	11.7	1
First Kentucky Trust	14.8	13.9	10.5	2
First Natl., Jackson, Miss.	14.9	12.6	(1)	—
First Natl., Lincoln, Neb.	13.4	12.2	9.4	6
First Natl. of Commerce, La.	14.5	13.0	9.6	5
First Natl. of Tulsa, Okla.	13.5	10.8	8.9	8
First of Allentown, Pa.	17.2	11.6	(1)	—
First of America (Bond fund), Mich.	7.7	9.0	8.0	8
First of America (Mat. bond), Mich.	11.8	12.2	8.9	5
First of Boston	13.4	11.3	8.2	10
First of Chicago	15.7	12.0	9.5	5
First of Cincinnati (Fixed Inc.)	13.1	11.6	9.0	8
First of Cincinnati (Int.)	13.5	(1)	(1)	—
First of Elgin, Ill.	9.8	11.2	(1)	—
First of Kansas City, Mo.	13.1	12.7	(1)	—
First of Kenosha, Wis.	13.1	7.5	6.2	10
First of Maryland	13.6	13.3	(1)	—
First of Minneapolis	15.0	10.4	8.6	8
First of Mobile, Ala.	13.9	11.9	9.1	5
First of Neenah (Int.), Wis.	13.8	12.4	(1)	—
First of Neenah (Long term), Wis.	14.1	13.1	10.8	1
First of Neenah (Mtg.), Wis.	13.8	12.4	(1)	—
First of Oklahoma	13.1	8.1	(1)	—
First of Pennsylvania, Erie	13.0	13.0	10.5	2
First of Shreveport, La.	12.7	9.9	(1)	—
First of Toledo, Ohio	12.9	13.2	10.1	3
First of Warsaw, Ind.	14.8	12.9	9.9	4
First Pennsylvania Bank	8.5	6.9	9.1	7
First Security Natl., Ky.	14.3	(1)	(1)	—
First Tennessee, Chat.	12.4	11.4	9.3	6
First Trust Corp., Colo.	15.0	11.5	9.5	5
First Trust St. Paul, Minn.	11.9	11.8	9.5	5
First Union Bank, N.C.	14.1	11.5	9.1	7
First Variable Life, Ark.	13.4	13.8	(1)	—
First Wis. Natl., Madison	15.8	12.4	10.5	2
First Wisconsin Trust	12.4	10.2	8.5	9
Fourth Natl., Tulsa, Okla.	12.5	10.8	9.4	6
Fourth Natl., Wichita, Kan.	15.0	14.4	12.9	1
F&M Marquette Natl., Minn.	13.2	11.3	9.5	5
Gary Wheaton Bank, Ill.	13.2	12.8	9.6	5
General Amer. (Sep. Acct. 8), Mo.	12.3	(1)	(1)	—
General Amer. (Sep. Acct. 9), Mo.	14.1	(1)	(1)	—
Genesee Merchants, Mich.	14.2	12.6	9.8	4
Greeley Natl., Colo.	13.8	11.7	9.5	6
Hamilton Bank, Pa.	15.9	12.3	(1)	—
Harris Trust, Ill.	14.3	9.3	8.3	9
Hawaiian Trust (Bond)	12.0	10.4	9.1	7
Hawaiian Trust (Def. bond)	11.0	(1)	(1)	—
Heritage Trust, Wis.	13.6	12.1	7.6	10
Hibernia Natl., La.	13.8	13.2	11.1	1
HT Investors (Bond), R.I.	12.2	10.2	8.8	9
HT Investors (Fund A), R.I.	9.7	(1)	(1)	—
IAA Trust Co., Ill.	16.2	12.2	(1)	—
Indiana National Bank	14.1	12.7	9.9	4
Interfirst Invt. Mgmt. (Bond), Texas	13.2	11.8	9.0	8
Interfirst Invt. Mgmt. (Int.), Texas	13.9	13.2	(1)	—
Irving Trust, N.Y.	13.6	12.1	9.5	5
Jefferson Trust, Ill.	11.1	13.2	11.5	1
John Hancock, Mass.	17.5	12.5	10.5	2
Key Trust Co., N.Y.	15.5	13.0	10.6	2
Lake Shore Natl., Ill.	13.0	10.9	9.3	6
Landmark First Natl., Fla.	11.3	11.4	(1)	—
Landmark Union Trust, Fla.	12.9	12.9	9.7	4
Liberty Natl., Ky.	13.6	11.2	(1)	—
Liberty Natl., Okla.	13.3	11.3	9.4	6
Life of Virginia	18.9	14.9	12.7	1
Lincoln Natl. Pens., Ind.	13.7	(1)	(1)	—
Lloyds Bank, Calif.	14.7	13.6	10.4	2
Long Island Trust, N.Y.	10.6	10.1	(1)	—
Manufacturers Detroit (Bond)	14.2	12.6	10.6	2
Manufacturers Detroit (Int.)	13.5	(1)	(1)	—
Manufacturers Hanover, N.Y.	13.3	13.2	10.8	1
Manufacturers Life, Ontario	12.8	7.5	(1)	—
Manufacturers & Trader, N.Y.	13.7	11.2	8.3	9
Marine Bank, Pa.	13.2	12.2	(1)	—
Marine Trust, Wis.	7.1	12.1	9.2	7
Maryland Natl. (Fixed Inc.)	11.9	8.1	8.1	10
Maryland Natl. (Fixed II)	11.8	11.2	(1)	—
Massachusetts Mutual	12.1	11.1	8.9	8
MBank, Austin, Texas	12.6	13.3	(1)	—
MBank, Fort Worth, Texas	14.5	12.6	10.3	3
Mellon Bank (Fixed), Pa.	16.3	12.7	10.3	3
Mellon Bank (EB Int. bond), Pa.	13.4	5.2	6.7	10
Mercantile Natl., Ind.	10.7	(1)	(1)	—
Mercantile Safe (Bond), Md.	12.7	12.3	9.8	5
Mercantile Safe (Int.), Md.	13.8	13.0	(1)	—
Mercantile Trust, Mo.	11.9	13.4	10.6	2
Merchants Natl., Ala.	17.1	11.7	9.4	6
Merchants Natl., Ind.	11.3	11.8	9.7	5
Merchants Natl., Pa.	14.3	12.1	(1)	—
Mich. Natl. of Detroit	12.8	10.4	(1)	—
Mich. Natl. of Grand Rapids	13.2	11.4	8.7	9
Midlantic National, N.J.	14.2	11.7	10.0	3
Mid-State Bancorp, Pa.	13.2	12.8	(1)	—
Minnesota Mutual	13.0	11.1	(1)	—
Moline Natl., Ill.	14.4	12.8	10.1	3
Morgan Guaranty, N.Y.	14.0	12.9	(1)	—
MTrust, Texas	12.9	8.9	8.3	9
Mutual of N.Y. (Priv. place)	15.9	12.2	(1)	—
Mutual of N.Y. (Public bond)	14.8	12.7	(1)	—
Natl. Bank of Detroit	13.9	11.1	9.4	5
Natl. Bank of Commerce, Neb.	14.7	10.8	8.9	8
Natl. Bank of Commerce, Tenn.	14.7	11.3	(1)	—
Natl. City Cleveland	12.0	10.5	8.9	8
Natl. of Georgia	15.0	12.5	(1)	—
National Westminster USA	13.8	12.2	9.1	7
NCNB Natl., N.C.	13.2	11.9	9.8	4
New England Mutual, Mass.	11.3	9.6	8.1	10
New Jersey National	11.6	8.3	7.9	10
Northern Central, Pa.	8.8	12.9	(1)	—
Northern Trust (Bond), Ill.	14.6	11.3	9.1	7
Northern Trust (Int.), Ill.	13.7	13.9	(1)	—
Ohio Citizens Trust	12.0	12.5	10.4	2
Old Kent, Mich.	12.8	11.1	8.6	9
Old National, Wash.	12.7	11.4	9.0	8
Old Second Natl. (Fixed), Ill.	14.8	12.1	(1)	—
Old Second Natl. (HR 10), Ill.	14.1	12.4	(1)	—
Olympic Bank, Wash.	13.8	12.8	(1)	—
Oregon Bank	15.4	12.8	10.1	3
Ouachita Natl., La.	13.2	11.8	9.1	7
Pacific Mutual, Calif.	15.2	13.3	12.1	1
Penn Bank, Erie, Pa.	11.6	13.1	11.2	1
Philadelphia Natl., Pa.	11.2	10.9	9.1	8
Pioneer Bank, Ill.	14.1	(1)	(1)	—
Pittsburgh National, Pa.	13.3	12.5	(1)	—
Provident National, Pa.	12.7	11.4	9.4	6
Prudential VCA 7 (Active), N.J.	14.1	10.9	9.4	6
Prudential VCA 8 (Int. bd.), N.J.	13.9	(1)	(1)	—
Puget Sound Natl., Wash.	10.7	12.5	9.4	6
Rainier National, Wash.	12.7	10.4	8.5	9
Republic Natl., Dallas	12.7	9.7	8.1	10
Riggs of Washington	12.7	13.4	10.1	3
Seafirst Bank, Wash.	15.2	14.0	11.5	1
Seattle Trust, Wash.	10.3	11.3	(1)	—
Security Natl., W. Va.	4.6	(1)	(1)	—
Security Norstar Bank, N.Y.	11.2	11.5	10.2	3
Security Pacific (Fixed Inc. F), Calif.	13.3	(1)	(1)	—
Security Pacific (Fixed Inc. V), Calif.	11.4	(1)	(1)	—
Shawmut Bank (Fixed Inc.), Mass.	14.4	(1)	(1)	—
Shawmut Bank (Int.), Mass.	13.8	(1)	(1)	—
Society National, Ohio	15.6	(1)	(1)	—
Southeast Bank Natl., Fla.	14.1	12.0	9.4	6
Sovran Bank, Va.	14.8	15.5	12.1	1
State Street Bank, Mass.	15.2	13.0	9.6	5
Summit Bank, Ind.	10.7	9.2	8.7	9
Summit Trust Co., N.J.	12.5	12.1	9.3	7
Sun Bank, Fla.	14.4	10.8	(1)	—
Texas American Bank	12.3	12.5	9.5	5
Texas Commerce (Act. mgd. bond)	11.6	13.5	11.7	1
Texas Commerce (Low vol.)	13.8	(1)	(1)	—
Third Natl., Nashville	12.6	11.1	9.0	8
Toledo Trust, Ohio	15.6	13.4	10.2	3
Travelers, Conn.	15.1	10.7	(1)	—
Trust Co. of Georgia	13.7	11.5	8.7	9
Trust Svcs. of Amer., Calif.	15.6	12.5	10.5	2
Unibanctrust, Ill.	13.5	12.4	9.3	8
Union Central, Ohio	9.2	10.3	8.7	9
Union Natl., Wichita, Kan.	14.2	11.7	(1)	—
Union Planters, Tenn.	13.4	12.9	10.5	2
United Carolina Bank, N.C.	13.5	(1)	(1)	—
United Missouri, K.C.	14.2	12.5	9.9	4
United of Denver, Colo.	16.4	12.6	10.1	3
United Virginia Bank (BF 5821)	12.9	12.0	10.0	3
United Virginia Bank (Short term)	13.4	13.9	(1)	—
US Natl. of Oregon	12.3	10.7	(1)	—
US Trust, N.Y.	13.2	11.5	9.9	4
Valley National, Ariz.	13.9	11.9	8.6	9
Wachovia Bank, N.C.	13.5	12.4	9.7	4
Wheeling Dollar Bank, W. Va.	15.5	12.1	9.1	8
Wilmington Trust, Del.	15.0	8.8	8.0	10
Shearson Lehman Index	16.9	12.5	9.8	—
Merchants Natl., Ind.	11.3	11.8	9.7	5
Merchants Natl., Pa.	14.3	12.1	(1)	—
Mich. Natl. of Detroit	12.8	10.4	(1)	—
Mich. Natl. of Grand Rapids	13.2	11.4	8.7	9
Midlantic National, N.J.	14.2	11.7	10.0	3
Mid-State Bancorp, Pa.	13.2	12.8	(1)	—
Minnesota Mutual	13.0	11.1	(1)	—
Moline Natl., Ill.	14.4	12.8	10.1	3
Morgan Guaranty, N.Y.	14.0	12.9	(1)	—
MTrust, Texas	12.9	8.9	8.3	9
Mutual of N.Y. (Priv. place)	15.9	12.2	(1)	—
Mutual of N.Y. (Public bond)	14.8	12.7	(1)	—
Natl. Bank of Detroit	13.9	11.1	9.4	5
Natl. Bank of Commerce, Neb.	14.7	10.8	8.9	8
Natl. Bank of Commerce, Tenn.	14.7	11.3	(1)	—
Natl. City Cleveland	12.0	10.5	8.9	8
Natl. of Georgia	15.0	12.5	(1)	—
National Westminster USA	13.8	12.2	9.1	7
NCNB Natl., N.C.	13.2	11.9	9.8	4
New England Mutual, Mass.	11.3	9.6	8.1	10
New Jersey National	11.6	8.3	7.9	10
Northern Central, Pa.	8.8	12.9	(1)	—
Northern Trust (Bond), Ill.	14.6	11.3	9.1	7
Northern Trust (Int.), Ill.	13.7	13.9	(1)	—
Ohio Citizens Trust	12.0	12.5	10.4	2
Old Kent, Mich.	12.8	11.1	8.6	9
Old National, Wash.	12.7	11.4	9.0	8
Old Second Natl. (Fixed), Ill.	14.8	12.1	(1)	—
Old Second Natl. (HR 10), Ill.	14.1	12.4	(1)	—
Olympic Bank, Wash.	13.8	12.8	(1)	—
Oregon Bank	15.4	12.8	10.1	3
Ouachita Natl., La.	13.2	11.8	9.1	7
Pacific Mutual, Calif.	15.2	13.3	12.1	1
Penn Bank, Erie, Pa.	11.6	13.1	11.2	1
Philadelphia Natl., Pa.	11.2	10.9	9.1	8
Pioneer Bank, Ill.	14.1	(1)	(1)	—
Pittsburgh National, Pa.	13.3	12.5	(1)	—
Provident National, Pa.	12.7	11.4	9.4	6
Prudential VCA 7 (Active), N.J.	14.1	10.9	9.4	6
Prudential VCA 8 (Int. bd.), N.J.	13.9	(1)	(1)	—
Puget Sound Natl., Wash.	10.7	12.5	9.4	6
Rainier National, Wash.	12.7	10.4	8.5	9
Republic Natl., Dallas	12.7	9.7	8.1	10
Riggs of Washington	12.7	13.4	10.1	3
Seafirst Bank, Wash.	15.2	14.0	11.5	1
Seattle Trust, Wash.	10.3	11.3	(1)	—
Security Natl., W. Va.	4.6	(1)	(1)	—
Security Norstar Bank, N.Y.	11.2	11.5	10.2	3
Security Pacific (Fixed Inc. F), Calif.	13.3	(1)	(1)	—
Security Pacific (Fixed Inc. V), Calif.	11.4	(1)	(1)	—
Shawmut Bank (Fixed Inc.), Mass.	14.4	(1)	(1)	—
Shawmut Bank (Int.), Mass.	13.8	(1)	(1)	—
Society National, Ohio	15.6	(1)	(1)	—
Southeast Bank Natl., Fla.	14.1	12.0	9.4	6
Sovran Bank, Va.	14.8	15.5	12.1	1
State Street Bank, Mass.	15.2	13.0	9.6	5
Summit Bank, Ind.	10.7	9.2	8.7	9
Summit Trust Co., N.J.	12.5	12.1	9.3	7
Sun Bank, Fla.	14.4	10.8	(1)	—
Texas American Bank	12.3	12.5	9.5	5
Texas Commerce (Act. mgd. bond)	11.6	13.5	11.7	1
Texas Commerce (Low vol.)	13.8	(1)	(1)	—
Third Natl., Nashville	12.6	11.1	9.0	8
Toledo Trust, Ohio	15.6	13.4	10.2	3
Travelers, Conn.	15.1	10.7	(1)	—
Trust Co. of Georgia	13.7	11.5	8.7	9
Trust Svcs. of Amer., Calif.	15.6	12.5	10.5	2
Unibanctrust, Ill.	13.5	12.4	9.3	8
Union Central, Ohio	9.2	10.3	8.7	9
Union Natl., Wichita, Kan.	14.2	11.7	(1)	—
Union Planters, Tenn.	13.4	12.9	10.5	2
United Carolina Bank, N.C.	13.5	(1)	(1)	—
United Missouri, K.C.	14.2	12.5	9.9	4
United of Denver, Colo.	16.4	12.6	10.1	3
United Virginia Bank (BF 5821)	12.9	12.0	10.0	3
United Virginia Bank (Short term)	13.4	13.9	(1)	—
US Natl. of Oregon	12.3	10.7	(1)	—
US Trust, N.Y.	13.2	11.5	9.9	4
Valley National, Ariz.	13.9	11.9	8.6	9
Wachovia Bank, N.C.	13.5	12.4	9.7	4
Wheeling Dollar Bank, W. Va.	15.5	12.1	9.1	8
Wilmington Trust, Del.	15.0	8.8	8.0	10
Shearson Lehman Index	16.9	12.5	9.8	—

Top quartile commingled equity funds

3-month returns

	%
Liberty National, Ky.	10.4
Bank of the West, Calif.	9.9
First of America, Mich.	9.0
First of Maryland	7.6
Sun Bank, Fla.	7.5
First of Maryland	7.0
Southeast Bank, Fla.	6.9
Fidelity Mgmt. Trust, Mass.	5.8
Natwest USA, N.Y.	5.8
First Interstate of Oregon	5.7
Pittsburgh Natl., Pa.	5.7
First Union Bank, N.C.	5.6
Natl. Bank of Bloomington, Ill.	5.5
Natl. Bank of Commerce, Neb.	5.5
First Interstate of Nevada	5.4
Pittsburgh Natl., Pa.	5.2
HT Investors, R.I.	5.2
Bank of New England, Mass.	5.1
New England Mutual, Mass.	4.9
Beverly Bank, Ill.	4.9
American Natl., Minn.	4.8
First Fidelity, N.J.	4.7
Riggs of Washington	4.7
Crown Life, Ontario	4.7
National of Georgia	4.7
Dauphin Deposit, Pa.	4.6
Bank of California	4.5
First of Chicago	4.5
Midlantic Natl., N.J.	4.5
Oregon Bank	4.4
First Jersey Natl., N.J.	4.4
New Jersey National	4.3
Central Penn, Pa.	4.2
Olympic Bank, Wash.	4.2
Provident Natl., Pa.	4.2
Republic Natl., Dallas	4.2
Citizens Fidelity, Ky.	4.1
First of America, Mich.	4.0
Centerre Trust, Mo.	4.0
Mercantile Trust, Mo.	4.0
Merchants Natl., Ala.	4.0
Maryland National	3.9
Harris Trust, Ill.	3.9
Provident Bank, Ohio	3.9
MTrust, Texas	3.8
Crocker Natl., Calif.	3.8
Manufacturers Detroit	3.8
US Natl. of Galveston	3.7
Society Natl., Ohio	3.7
American Natl. Bank, Ind.	3.7
Fidelity Bank, Pa.	3.6
Bank of New York	3.6
Toledo Trust, Ohio	3.5
Citytrust, Conn.	3.4
Manufacturers & Trader, N.Y.	3.4
Bessemer Trust, N.Y.	3.4
CNA Insurance, Ill.	3.4
Bank One, Ohio	3.4
First Interstate, Billings, Mont.	3.4
First in Bartlesville, Okla.	3.4
United Missouri, Kansas City	3.3
Texas American Bank	3.3
Branch Bank & Trust, N.C.	3.3
Sentry Life, Wis.	3.2
Bank of Oklahoma, Tulsa	3.2
First Natl., Lincoln, Neb.	3.2
First Interstate of Wash.	3.2
Marine Trust, Wis.	3.2
Old Second Natl., Ill.	3.2
Genesee Merchants, Mich.	3.2
Guardian Insurance, N.Y.	3.2
Summit Trust Co., N.J.	3.2
Standard & Poor's 500	**1.9**

1-year returns

	%
Bank of the West, Calif.	26.1
First of America, Mich.	20.8
Natl. Bank of Bloomington, Ill.	20.7
First Interstate of Oregon	18.0
First of America, Mich.	18.0
First of Maryland	16.4
Bank of New England	16.2
New Jersey National	15.4
Sun Bank, Fla.	15.4
Gary Wheaton Bank, Ill.	15.1
Bank of California	13.8
Jefferson Trust, Ill.	13.6
First Union Bank, N.C.	12.7
Centerre Trust, Mo.	12.6
MBank, Fort Worth, Texas	11.9
Landmark Union Trust, Fla.	11.7
Guardian Insurance, N.Y.	11.6
Central Penn, Pa.	11.1
Fidelity Mgmt. Trust, Mass.	10.8
Lake Shore Natl., Ill.	10.7
Manufacturers Detroit	10.7
First in Bartlesville, Okla.	10.7
Mercantile Safe, Md.	10.4
Southeast Bank, Fla.	10.3
First Alabama Bank	10.1
Provident Natl., Pa.	9.9
US Natl. of Galveston	9.9
Republic Natl., Dallas	9.8
Midlantic Natl., N.J.	9.8
American Natl., Tenn.	9.7
Citytrust, Conn.	9.6
John Hancock, Mass.	9.4
Phoenix Mutual, Conn.	9.3
National of Georgia	9.1
Cullen Bank, Texas	8.8
Mellon Bank, Pa.	8.8
United Virginia Bank	8.7
Dominion Trust, Va.	8.4
Old Kent, Mich.	8.4
Oregon Bank	8.2
First Trust, St. Paul, Minn.	8.2
First Pennsylvania Bank	7.9
American Natl., Ind.	7.9
Landmark First Natl., Fla.	7.8
United Carolina Bank, N.C.	7.8
John Hancock, Mass.	7.8
Sentry Life, Wis.	7.7
Bank of Oklahoma, Tulsa	7.7
Toledo Trust, Ohio	7.6
Dauphin Deposit, Pa.	7.6
AmeriTrust, Ohio	7.6
Natl. Bank of Commerce, Neb.	7.5
US Trust, N.Y.	7.5
Summit Bank, Ind.	7.5
First Jersey Natl., N.J.	7.5
Ouachita Natl., La.	7.5
Manufacturers & Trader, N.Y.	7.4
First Tennessee, Chat.	7.4
Mercantile Trust, Mo.	7.3
Comerica Bank, Mich.	7.3
Resource Bank & Trust, Minn.	7.1
Natl. Bank of Detroit	7.1
Natl. Bank of Commerce, Tenn.	7.1
Irving Trust, N.Y.	7.1
Standard & Poor's 500	**6.3**

3-year returns

	%
Manufacturers Life, Ontario	32.5
First Union Bank, N.C.	27.0
Fidelity Mgmt. Trust, Mass.	26.6
First Variable Life, Ark.	26.0
Sun Bank, Fla.	25.7
First Interstate of Oregon	24.7
AmSouth, Ala.	24.3
Connecticut Mutual Life	23.2
Provident Natl., Pa.	22.7
United of Denver, Colo.	22.3
Lake Shore Natl., Ill.	21.7
Mutual Benefit, N.J.	21.3
First of Oklahoma	21.2
Manufacturers Detroit, Mich.	21.2
MBank, Fort Worth, Texas	21.1
New England Mutual	20.8
Guardian Insurance, N.Y.	20.8
Resource Bank & Trust, Minn.	20.7
Southeast Bank, Fla.	20.6
US Natl. of Galveston	20.2
Mercantile Safe, Md.	20.1
First of Warsaw, Ind.	19.9
Minnesota Mutual	19.9
Midlantic Natl., N.J.	19.8
Natl. Bank of Commerce, Tenn.	19.8
Irving Trust, N.Y.	19.8
First Tennessee, Chat.	19.7
Landmark Union Trust, Fla.	19.7
Dauphin Deposit, Pa.	19.7
First of America, Mich.	19.7
United Virginia Bank	19.5
Union Central, Ohio	19.4
US Natl. of Oregon	19.4
Natl.Bank of Bloomington, Ill.	18.9
Centerre Trust, Mo.	18.7
Gary Wheaton Bank, Ill.	18.7
Republic Natl., Dallas	18.7
Merchants Natl., Ala.	18.7
Bank of the West, Calif.	18.7
First Alabama Bank	18.5
First Bank, Milwaukee	18.3
New Jersey National	18.0
Massachusetts Mutual	18.0
First in Bartlesville, Okla.	18.0
Society National, Ohio	17.8
MTrust, Texas	17.8
Old Kent, Mich.	17.7
Shawmut Bank, Mass.	17.7
First Wis. Natl., Madison	17.6
Texas Commerce	17.5
Confederation Life, Ontario	17.4
Citytrust, Conn.	17.3
Midlantic Natl., N.J.	17.3
AmeriTrust, Ohio	17.3
American Natl., Chicago	17.3
Central Natl., Cleveland	17.3
HT Investors, R.I.	17.2
Union Planters, Tenn.	17.1
Planters Natl., N.C.	17.1
John Hancock, Mass.	17.1
Wheeling Dollar Bank, W. Va.	17.0
Oregon Bank	17.0
United Carolina Bank, N.C.	17.0
Jefferson Trust, Ill.	17.0
Bankers Trust, N.Y.	17.0
Boston Safe Deposit, Mass.	17.0
First Security Natl., Ky.	17.0
First Trust, St. Paul, Minn.	17.0
Standard & Poor's 500	**16.8**

Investment managers are only as successful as their investment philosophies.

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At First Union's Capital Management Group, we don't subscribe to faddish trends. Our approach to investment management is ordered and highly disciplined. Painstakingly developed, our methods have proven effective in good markets and bad. And, our performance consistently ranks us among the very best money managers in the country.

Overlooked and under-followed stocks occupy a favored position in our portfolio because they hold the most potential for optimum returns.

In bond management, we seek to minimize the effects of the volatility in the bond market through controlled maturity structures and emphasis on credit quality.

Take a look at our rankings in the P.I.P.E.R. Survey. We consider them a testament to the soundness of our approach.

For more details on our management philosophies, call Pete Nagle, Vice President, at (704) 374-6152. The sooner you get our investment team working for you, the sooner you'll see the results.

CAPITAL MANAGEMENT GROUP

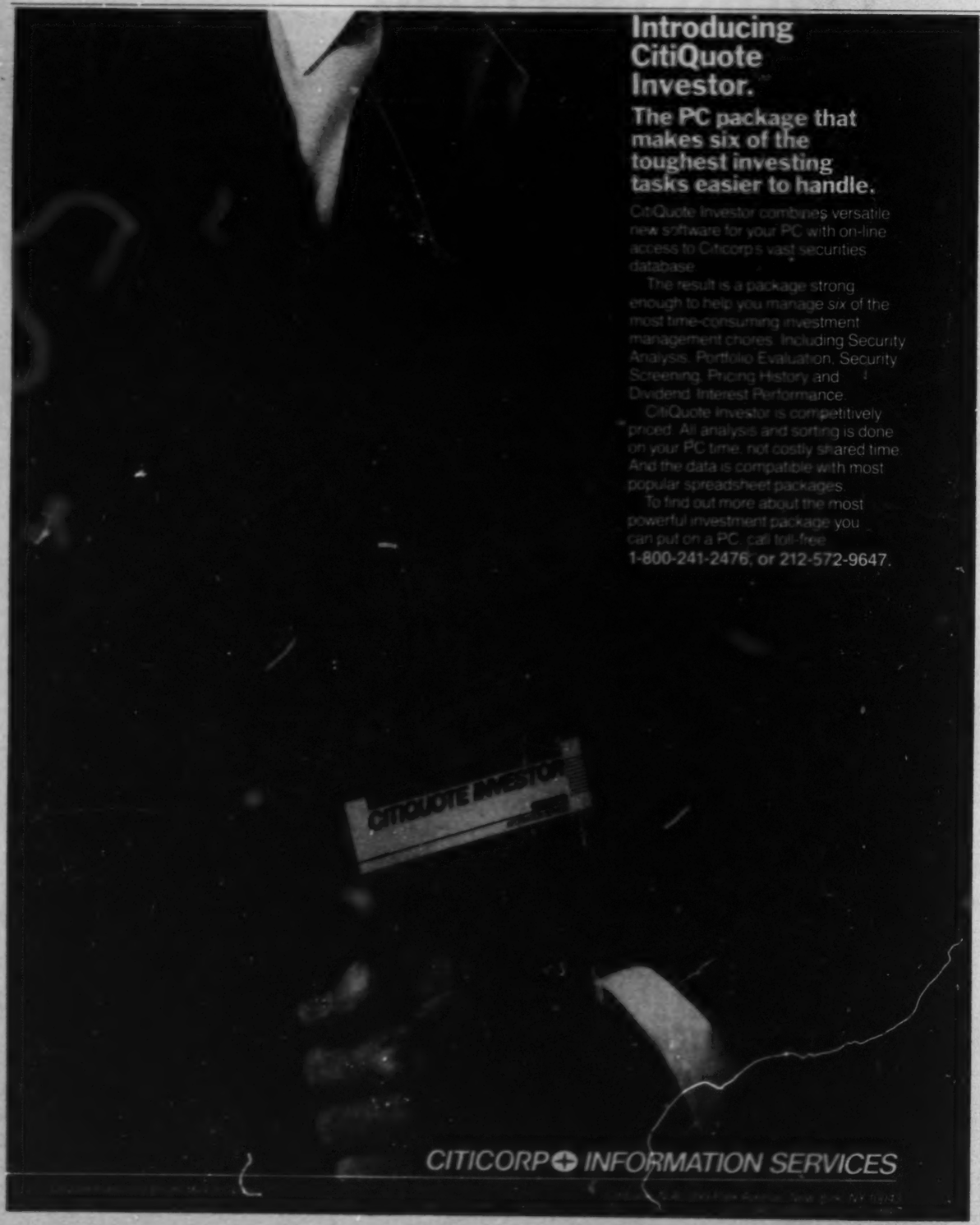
First Union National Bank
1200 First Union Plaza
Charlotte, North Carolina 28288

5-year returns

	%
Manufacturers Life, Ontario	29.0
First Union Bank, N.C.	23.3
Sun Bank, Fla.	22.0
First of Oklahoma	21.0
Provident Natl., Pa.	21.0
AmSouth, Ala.	20.4
Manufacturers, Detroit	19.9
United of Denver	19.6
New England Mutual	19.4
First Variable Life, Ark.	19.2
MBank, Fort Worth, Texas	19.1
First Wis. Natl., Madison	18.8
Lake Shore Natl., Ill.	18.8
US Natl. of Galveston	18.6
First Interstate of Oregon	18.6
Midlantic Natl., N.J.	18.6
US Natl. of Oregon	18.5
Wheeling Dollar Bank, W. Va.	18.2
Connecticut Mutual Life	18.1
MTrust, Texas	17.9
Confederation Life, Ontario	17.8
Landmark Union Trust, Fla.	17.8
Dauphin Deposit, Pa.	17.7
Philadelphia Natl., Pa.	17.7
Massachusetts Mutual	17.7
First Tennessee, Chat.	17.7
Mutual Benefit, N.J.	17.6
American Natl., Chicago	17.6
Mercantile Safe, Md.	17.5
Citytrust, Conn.	17.5
Guardian Insurance, N.Y.	17.3
Union Central, Ohio	17.2
Centerre Trust, Mo.	17.2
Southeast Bank, Fla.	17.2
United Virginia Bank	17.0
IAA Trust Co., Ill.	17.0
Equitable Life, N.Y.	16.9
Planters National, N.C.	16.8
First Interstate of Denver	16.8
State Street Bank, Mass.	16.8
Aetna Life & Casualty, Conn.	16.8
Dominion Trust, Va.	16.
First Alabama Bank	16.6
First of Warsaw, Ind.	16.5
First Trust Corp., Colo.	16.5
Natl. Bank of Commerce, Tenn.	16.4
First Interstate of Nevada	16.4
Security Norstar Bank, N.Y.	16.3
Fifth Third Bank, Ohio	16.3
Texas Commerce	16.3
First in Bartlesville, Okla.	16.2
Fourth National, Tulsa	16.2
First Interstate of Wash.	16.2
Minnesota Mutual	16.1
Mid-State Bancorp., Pa.	16.0
HT Investors, R.I.	16.0
Employers Life of Wausau, Wis.	16.0
First of America, Mich.	15.9
Union Planters, Tenn.	15.9
Standard & Poor's 500	**14.9**

10-year returns

	%
Manufacturers Life, Ontario	27.0
Guardian Insurance, N.Y.	21.8
Citizens Chillicothe, Mo.	21.6
AmSouth, Ala.	21.3
First Wis. Natl., Madison	20.7
First Variable Life, Ark.	20.4
Confederation Life, Ontario	20.0
First Trust Corp., Colo.	19.6
US Natl. of Galveston	19.6
Bankers Life, Iowa	19.6
Provident National, Pa.	19.1
US Natl. of Oregon	18.9
Landmark Union Trust, Fla.	18.9
First of America, Mich.	18.5
Bessemer Trust, N.Y.	18.2
First of Oklahoma	18.0
MTrust, Texas	17.5
Aetna Life & Casualty, Conn.	17.3
Security Norstar Bank, N.Y.	17.3
First Interstate of Oregon	17.1
First Union Bank, N.C.	17.1
Fourth Natl., Tulsa, Okla.	16.8
First Interstate of Wash.	16.8
MBank, Fort Worth, Texas	16.5
Massachusetts Mutual	16.5
Texas American Bank	16.4
First Interstate of Denver	16.4
Equitable Life, N.Y.	16.2
Life of Virginia	16.2
Employers Life of Wausau, Wis.	16.1
Liberty National, Okla.	16.1
Fifth Third Bank, Ohio	16.0
Chicago Title & Trust	16.0
Manufacturers Detroit, Mich.	15.9
United of Denver	15.8
Natl. Bank of Commerce, Neb.	15.7
New England Mutual	15.7
Bank of Oklahoma, Tulsa	15.6
First Tennessee, Chat.	15.6
Olympic Bank, Wash.	15.5
National City, Cleveland	15.4
Equitable Bank, Md.	15.3
Northern Trust, Ill.	15.3
Bank of Delaware	15.3
Central National, Cleveland	15.3
Minnesota Mutual	15.2
Lake Shore Natl., Ill.	15.2
Union Central, Ohio	15.2
Pittsburgh Natl., Pa.	15.1
Mutual Benefit, N.J.	15.0
Standard & Poor's 500	**14.9**



Top quartile commingled fixed-income funds

3-month returns

	%
Life of Virginia	10.2
United of Denver, Colo.	9.2
Centerre Trust, Mo	9.0
Travelers, Conn.	8.8
Allied Bank, Texas	8.7
Central Natl., Cleveland	8.7
Citizens & Southern, Ga.	8.7
Manufacturers Hanover, N.Y.	8.5
Mellon Bank, Pa.	8.5
MBank, Austin, Texas	8.3
Connecticut Bank & Trust	8.3
First Interstate of Nevada	8.3
IAA Trust Co., Ill.	8.2
Beverly Bank, Ill.	8.2
Confederation Life, Ontario	8.2
Bankers Life, Iowa	8.2
First Interstate of Denver	8.2
American National, Minn.	8.1
Natl. Bank of Commerce, Tenn.	8.1
Fourth Natl., Wichita, Kan.	8.1
Equitable Life, N.Y.	8.0
Interfirst Invt. Mgmt., Texas	8.0
First Jersey Natl., N.J.	8.0
Continental Illinois	8.0
Natl. Bank of Commerce, Neb.	8.0
Bank of California	7.9
Wheeling Dollar Bank, W. Va.	7.9
First Wis. Natl., Madison	7.9
Manufacturers Life, Ontario	7.8
John Hancock, Mass.	7.8
Commonwealth Natl., Pa.	7.8
Irving Trust, N.Y.	7.8
First City Natl., Houston	7.8
Wachovia Bank, N.C.	7.8
Connecticut National Bank	7.7
Mercantile Natl., Ind.	7.7
CIGNA Corp., Conn.	7.6
Commerce Bank, K.C., Mo.	7.6
Citytrust, Conn.	7.6
Bank of New England	7.6
Northern Trust, Ill.	7.6
Trust Svcs. of Amer., Calif.	7.5
AmSouth, Ala.	7.5
Minnesota Mutual	7.5
Crocker National, Calif.	7.5
Moline National, Ill.	7.5
First of Minneapolis	7.5
Hawaiian Trust	7.4
Lloyds Bank, Calif.	7.4
Natl. Bank of Detroit	7.4
Seafirst Bank, Wash.	7.4
Texas Commerce	7.4
First Trust Corp., Colo.	7.4
Aetna Life & Casualty, Conn.	7.4
Connecticut National Bank	7.4
Central Trust, Ohio	7.4
Security Pacific, Calif.	7.4
Trust Co. of Georgia	7.4
American Security, D.C.	7.4
Shearson Lehman Index	**7.4**
US Trust, N.Y.	7.3
Bankers Trust, N.Y.	7.3
First of Oklahoma	7.3
Key Trust Co., N.Y.	7.3
Union Planters, Tenn.	7.3
Sun Bank, Fla.	7.3
Valley National, Ariz	7.3
US Natl. of Oregon	7.3
Fifth Third Bank, Ohio	7.3

1-year returns

	%
IAA Trust Co., Ill.	19.2
Life of Virginia	18.9
John Hancock, Mass.	17.6
First of Allentown, Pa.	17.2
Merchants National, Ala.	17.1
Allied Bank, Texas	16.8
First City Dallas	16.7
Equitable Life, N.Y.	16.6
Beverly Bank, Ill.	16.5
United of Denver	16.4
Citizens & Southern, Ga.	16.1
CIGNA Corp., Conn.	16.1
Wilmington Trust, Del.	16.0
California First Bank	16.0
Mutual of New York	15.9
Hamilton Bank, Pa.	15.9
First Wis. Natl., Madison	15.8
Trust Svcs. of Amer., Calif.	15.8
First of Chicago	15.7
Toledo Trust	15.6
Society Natl., Ohio	15.6
Bank of California	15.5
Wheeling Dollar Bank, W. Va.	15.5
Key Trust Co., N.Y.	15.5

Top equity funds by size

1-year returns

Over $100 million

	%
Fidelity Mgmt. Trust, Mass.	10.8
Provident Natl., Pa.	9.9
John Hancock, Mass.	9.4
Mellon Bank, Pa.	8.8
Natl. Bank of Detroit	7.1
American Natl., Chicago	6.3
Bankers Trust, N.Y.	5.9
Massachusetts Mutual	5.4
First of Chicago	5.4
Metropolitan Life, N.Y.	5.3

$50 million to $100 million

	%
First Union Bank, N.C.	12.7
Centerre Trust, Mo.	12.6
Manufacturers Detroit	10.7
United Virginia Bank	8.7
Old Kent, Mich.	8.4
First Pennsylvania Bank	7.9
John Hancock, Mass.	7.8
Sentry Life, Wis.	7.7
AmeriTrust, Ohio	7.6
US Trust, N.Y.	7.5

$10 million to $50 million

	%
First of America, Mich.	20.8
First Interstate of Oregon	18.0
First of America, Mich.	18.0
Sun Bank, Fla.	15.4
Jefferson Trust, Ill.	13.6
Landmark Union Trust, Fla.	11.7
Guardian Insurance, N.Y.	11.6
Central Penn, Pa.	11.1
Mercantile Safe, Md.	10.4
Southeast Bank, Fla.	10.3

Under $10 million

	%
Bank of the West, Calif.	26.1
Natl. Bank of Bloomington	20.7
First of Maryland	16.4
Bank of New England	16.2
New Jersey National	15.4
Gary Wheaton Bank, Ill.	15.1
Bank of California	13.8
MBank, Fort Worth	11.9
Lake Shore Natl., Ill.	10.7
First in Bartlesville	10.7

10-year returns

Over $100 million

	%
Bankers Life, Iowa	19.6
Provident National, Pa.	19.1
US Natl. of Oregon	18.9
MTrust, Texas	17.5
Aetna Life & Casualty, Conn.	17.3
Massachusetts Mutual	16.5
Equitable Life, N.Y.	16.2
Life of Virginia	16.2
Natl. City Cleveland	15.4
Texas Commerce	14.7

$50 million to $100 million

	%
AmSouth, Ala.	21.3
First Wis. Natl., Madison	20.7
Bessemer Trust, N.Y.	18.2
First Union Bank, N.C.	17.1
First Interstate of Denver	16.4
Chicago Title & Trust, Ill.	16.0
Manufacturers Detroit, Mich.	15.9
Mutual Benefit, N.J.	15.0
United Virginia Bank	14.5
AmeriTrust, Ohio	14.2

$10 million to $50 million

	%
Manufacturers Life, Ont.	27.0
Guardian Insurance, N.Y.	21.6
First Variable Life, Ark.	20.4
First Trust Corp., Colo.	19.6
US Natl. of Galveston	19.6
Landmark Union Trust, Fla.	18.9
First of America, Mich.	18.5
First of Oklahoma	18.0
Security Norstar Bank, N.Y.	17.3
First Interstate of Oregon	17.1

Under $10 million

	%
Citizens Chillicothe, Mo.	21.6
Confederation Life, Ont.	20.0
MBank, Fort Worth	16.5
First Tennessee, Chat.	15.6
Olympic Bank, Wash.	15.5
Lake Shore Natl., Ill.	15.2
Union Central, Ohio	15.2
Pittsburgh National, Pa.	15.1
First of Warsaw, Ind.	14.8
First in Bartlesville, Okla.	14.6

Commonwealth Natl., Pa.	15.5
Crocker National, Calif.	15.4
Continental Illinois	15.4
Oregon Bank	15.4
Mellon Bank, Pa.	15.3
First Interstate of Denver	15.3
Confederation Life, Ontario	15.3
First Interstate of Nevada	15.3
Pacific Mutual, Calif.	15.2
Seafirst Bank, Wash.	15.2
First Bank of Milwaukee	15.2
State Street Bank, Mass.	15.2
Travelers, Conn.	15.1
First City Natl., Houston	15.1
First of Minneapolis	15.0
First Trust Corp., Colo.	15.0
Fourth Natl., Wichita, Kan.	15.0
Shearson Lehman Index	**15.0**
Natl. of Georgia	15.0
Central Trust, Ohio	14.9
First Interstate of Calif.	14.9
First Natl., Jackson, Miss.	14.9
American Security, D.C.	14.9
Centerre Trust, Mo.	14.9
Connecticut Bank & Trust	14.9
First Kentucky Trust	14.8
First of Warsaw, Ind.	14.8
First Jersey Natl., N.J.	14.8

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Old Second Natl., Ill.	14.8
Sovran Bank, Va.	14.8
Bankers Life, Iowa	14.8
Mutual of New York	14.8
Lloyds Bank, Calif.	14.7
Equibank, Pa.	14.7
Natl. Bank of Commerce, Tenn.	14.7
Central Natl., Cleveland	14.7
Natl. Bank of Commerce, Neb.	14.7
Dauphin Deposit, Pa.	14.6
Northern Trust, Ill.	14.6

3-year returns

	%
Life of Virginia	21.7
First Wis. Natl., Madison	21.2
Wheeling Dollar Bank, W. Va.	20.3
Trust Svcs. of Amer., Calif.	20.2
Commonwealth Natl., Pa.	20.2
First Kentucky Trust	20.1
Central Natl., Cleveland	20.1
Society National, Ohio	20.1
United of Denver, Colo.	20.1
Allied Bank, Texas	20.0
John Hancock, Mass.	20.0
Mutual of New York	19.8
American Security, D.C.	19.7
CIGNA Corp. (Int.), Conn.	19.6
IAA Trust Co., Ill.	19.6
CIGNA Corp. (Pub.), Conn.	19.5
Commerce Union, Tenn.	19.4
AmSouth, Ala.	19.4
First Variable Life, Ark.	19.4
Lloyds Bank, Calif.	19.4
First of Chicago	19.3
Centerre Trust, Mo.	19.2
First Interstate of Denver	19.2
Citibank, N.Y.	19.1
Mutual of New York	19.1
Sovran Bank, Va.	19.0
Pacific Mutual, Calif.	19.0
Beverly Bank, Ill.	19.0
Bank of New York	18.9
Key Trust Co., N.Y.	18.9
State Street Bank, Mass.	18.9
Pioneer Bank, Ill.	18.8
Wachovia Bank, N.C.	18.7
Irving Trust, N.Y.	18.7
Hamilton Bank, Pa.	18.6
Liberty Natl., Okla.	18.5
California First Bank	18.4
Union Planters, Tenn.	18.4
Toledo Trust, Ohio	18.3
First of Allentown, Pa.	18.3
Bank of California	18.3
US Natl. of Oregon	18.2

Top fixed funds by size

1-year returns

Over $100 million

	%
Life of Virginia	18.9
John Hancock, Mass.	17.6
CIGNA Corp., Conn.	16.1
First of Chicago	15.7
American Security, D.C.	14.9
Centerre Trust, Mo.	14.9
Harris Trust, Ill.	14.3
Prudential, N.J.	14.1
First Union Bank, N.C.	14.1
Comerica Bank, Mich.	14.1

$50 million to $100 million

	%
Equitable Life, N.Y.	16.6
Continental Illinois	15.4
Mellon Bank, Pa.	15.3
First Interstate of Denver	15.3
Mutual of New York	14.8
Northern Trust, Ill.	14.6
Midlantic Natl., N.J.	14.2
InterFirst Invt. Mgmt., Texas	13.9
Hibernia Natl., La.	13.8
Mellon Bank, Pa.	13.4

$10 million to $50 million

	%
United of Denver	16.4
Citizens & Southern, Ga.	16.1
California First Bank	16.0
Mutual of New York	15.9
Hamilton Bank, Pa.	15.9
First Wis. Natl., Madison	15.8
Trust Svcs. of Amer. Calif.	15.8
Commonwealth Natl., Pa.	15.5
Crocker National, Calif.	15.4
Seafirst Bank, Wash.	15.2

Under $10 million

	%
IAA Trust Co., Ill.	19.2
First of Allentown, Pa.	17.2
Merchants Natl., Ala.	17.1
Allied Bank, Texas	16.8
First City Dallas	16.7
Beverly Bank, Ill.	16.5
Wilmington Trust, Del.	16.0
Toledo Trust, Ohio	15.6
Society Natl., Ohio	15.6
Wheeling Dollar Bank	15.5
Key Trust Co., N.Y.	15.5

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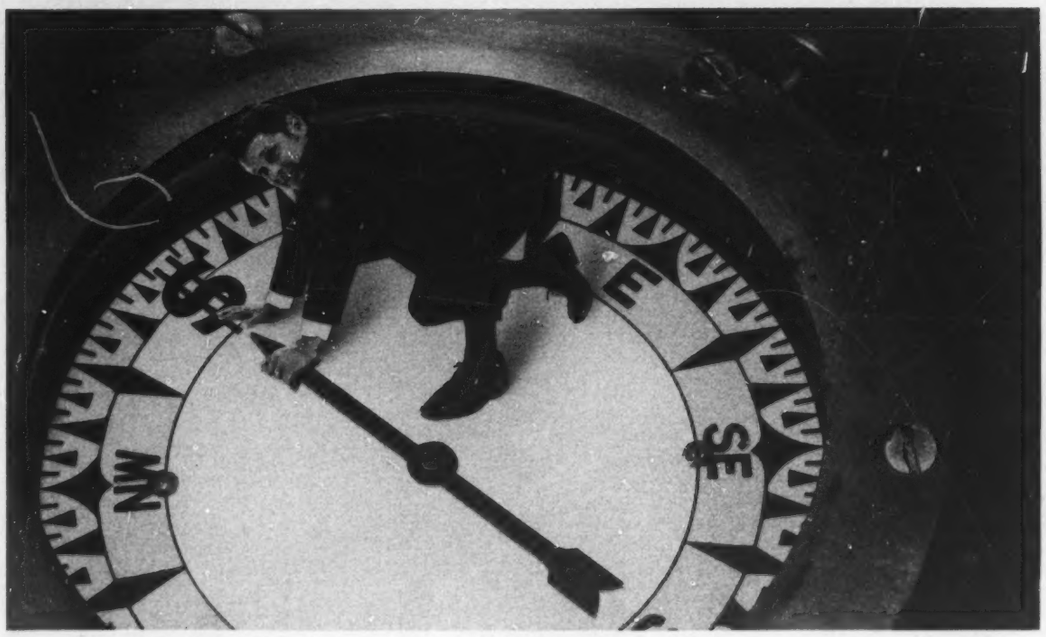

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Liberty Natl., Ky.	18.1
American Natl., Minn.	18.1
Natl. Bank of Commerce, Neb.	18.1
Crocker Natl., Calif.	18.1
First Fidelity, N.J.	18.0
First Interstate of Calif.	18.0
Ohio Citizens Trust	18.0
Midlantic Natl., N.J.	17.9
Manufacturers & Trader, N.Y.	17.9
Bank of Oklahoma, Tulsa	17.9
Colonial American Natl., Va.	17.8
Confederation Life, Ontario	17.8
Security Pacific, Calif.	17.7
First of Cincinnati, Ohio	17.7
Citytrust, Conn.	17.7
Mellon Bank, Pa.	17.7
Connecticut National Bank	17.6
First of Maryland	17.6
First of Warsaw, Ind.	17.6
Interfirst Invt. Mgmt., Texas	17.6
Shearson Lehman Index	**17.6**

5-year returns

	%
Sovran Bank, Va.	15.5
Life of Virginia	14.9
Allied Bank, Texas	14.9
Fourth Natl., Wichita, Kan.	14.4
Beverly Bank, Ill.	14.3
Cullen Bank, Texas	14.3
Seafirst Bank, Wash.	14.0
First Jersey Natl., N.J.	13.9
Northern Trust, Ill.	13.9
First Kentucky Trust	13.9
United Virginia Bank	13.9
First Variable Life, Ark.	13.8
CIGNA Corp., Conn.	13.7
American Security, D.C.	13.6
Lloyds Bank, Calif.	13.6
Texas Commerce	13.5
First Interstate of Calif.	13.5
Riggs of Washington	13.4
Mercantile Trust, Mo.	13.4
Toledo Trust. Ohio	13.4
AmeriTrust, Ohio	13.3
Pacific Mutual, Calif.	13.3
MBank, Austin, Texas	13.3
First of Maryland	13.3
Centerre Trust, Mo.	13.3
American Natl. Bank, Tenn.	13.2
Citizens Trust Co., Wis.	13.2

Top fixed funds by size

10-year returns

Over $100 million

	%
Life of Virginia	12.7
Texas Commerce	11.7
Manufacturers Hanover	10.8
American Security, D.C.	10.8
Centerre Trust, Mo.	10.6
John Hancock, Mass.	10.5
CIGNA Corp., Conn.	10.1
Wachovia Bank, N.C.	9.7
Citibank, N.Y.	9.6
Irving Trust, N.Y.	9.5
First of Chicago, Ill.	9.5

$50 million to $100 million

	%
Hibernia National, La.	11.1
Mercantile Trust, Mo.	10.6
Mellon Bank, Pa.	10.3
Midlantic Natl., N.J.	10.0
US Trust, N.Y.	9.9
Bank of New England	9.9
NCNB Natl. Bank, N.C.	9.8
Bank of New York	9.8
American Natl., Chicago	9.7
Bankers Trust, N.Y.	9.7

$10 million to $50 million

	%
Fourth Natl., Wichita, Kan.	12.9
Sovran Bank, Va.	12.1
First Jersey Natl., N.J.	11.7
Seafirst Bank, Wash.	11.5
Jefferson Trust, Ill.	11.5
Fidelity Bank, Pa.	10.9
First Interstate of Calif.	10.8
California First Bank	10.7
Manufacturers Detroit, Mich.	10.6
First Wis. Natl., Madison	10.5
Trust Svcs. of Amer., Calif.	10.5
First Kentucky Trust	10.5
Cullen Bank, Texas	10.5

Under $10 million

	%
Beverly Bank, Ill.	12.4
Pacific Mutual, Calif.	12.1
Penn Bank, Erie, Pa.	11.2
First of Neenah, Wis.	10.8
Key Trust Co., N.Y.	10.6
Allied Bank, Texas	10.6
Union Planters, Tenn.	10.5
First of Penna, Erie, Pa.	10.5
First in Bartlesville, Okla.	10.4
Ohio Citizens Trust	10.4

Interfirst Invt. Mgmt., Texas	13.2
Manufacturers Hanover	13.2
Jefferson Trust, Ill.	13.2
Hibernia Natl., La.	13.2
Crocker Natl., Calif.	13.2
Bankers Trust, N.Y.	13.2
First of Toledo, Ohio	13.2
Penn Bank, Erie, Pa.	13.1
First of Neenah, Wis.	13.1
Mercantile Safe, Md.	13.0
First Natl. of Commerce, La.	13.0
First of Penna, Erie	13.0
State Street Bank, Mass.	13.0
AmSouth, Ala.	13.0
Key Trust Co., N.Y.	13.0
Northern Central, Pa.	12.9
First of Warsaw, Ind.	12.9
Morgan Guaranty, N.Y.	12.9
Bankers Trust, N.Y.	12.9
First Bank Milwaukee	12.9
Landmark Union Trust, Fla.	12.9
Union Planters, Tenn.	12.9
Bank of New England	12.9
Gary Wheaton Bank, Ill.	12.8
Olympic Bank, Wash.	12.8
Commerce Union, Tenn.	12.8
Bank One, Ohio	12.8
First Fidelity, N.J.	12.8
American Natl., Chicago	12.8
First Natl., Jackson, Miss.	12.8
United of Denver	12.8
Mid-State Bancorp, Pa.	12.8
Moline National, Ill.	12.8
Oregon Bank	12.8
Shearson Lehman Index	**12.5**

10-year returns

	%
Fourth Natl., Wichita, Kan.	12.9
Life of Virginia	12.7
Beverly Bank, Ill.	12.4
Pacific Mutual, Calif.	12.1
Sovran Bank, Va.	12.1
Texas Commerce	11.7
First Jersey Natl., N.J.	11.7
Seafirst Bank, Wash.	11.5
Jefferson Trust, Ill.	11.5
Penn Bank, Erie, Pa.	11.2
Hibernia Natl., La.	11.1
Fidelity Bank, Pa.	10.9
First Interstate of Calif.	10.8
Manufacturers Hanover	10.8
First of Neenah, Wis.	10.8
American Security, D.C.	10.8
California First Bank	10.7
Key Trust Co., N.Y.	10.6
Mercantile Trust, Mo.	10.6
Allied Bank, Texas	10.6
Manufacturers Detroit, Mich.	10.6
Centerre Trust, Mo.	10.6
First Wis. Natl., Madison	10.5
Union Planters, Tenn.	10.5
Trust Svcs. of Amer., Calif.	10.5
First Kentucky Trust	10.5
John Hancock, Mass.	10.5
Cullen Bank, Texas	10.5
First of Penna, Erie, Pa.	10.5
First in Bartlesville, Okla.	10.4
Lloyds Bank, Calif.	10.4
American National, Tenn.	10.4
Ohio Citizens Trust	10.4
Citytrust, Conn.	10.4
Commerce Union, Tenn.	10.4
MBank, Fort Worth, Texas	10.3
Mellon Bank, Pa.	10.3

Continued on page 24

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Equity funds . . .

Continued from page 13

than the second-place fund, and 9.9% for the fourth quarter, for which it ranked second. The bank's performance reflects a Wilshire Associates study that found utilities to be the best performing market sector in 1984 among S&P 500 stocks, at 25.4%. Next were energy stocks, 12%.

Continued from page 23

Security Norstar Bank, N.Y.	10.2
Toledo Trust, Ohio	10.2
CIGNA Corp., Conn.	10.1
AmeriTrust, Ohio	10.1
United of Denver, Colo.	10.1
Moline National, Ill.	10.1
Riggs of Washington	10.1
Oregon Bank	10.1
First of Toledo, Ohio	10.1
Shearson Lehman Index	**9.5**

"Our policy over the past two to two and a half years was investing to a substantial degree in utility stocks, and it paid off in a big way in 1984," said Joseph W. Hefner, vice president and investment officer at Bank of the West.

For three years, the fund is in the second decile, 39th overall, at an 18.7% compound annual total return.

The utility stocks picked up at midyear, mostly in response to the decline in interest rates and the positive activity in the bond market. The fund benefited from appreciation and 12% dividend yields, which are reinvested.

Although Mr. Hefner said the outlook for utilities is bright for several years because of declining capital spending and improved cash flows, the bank is diminishing its dependence on them.

It made a slight switch in the fourth quarter, adding **R.J. Reynolds Industries Inc.** and **Philip Morris Inc.** from the tobacco sector and **American Home Products Corp.** and **IBM Corp.**

Manufacturers Life Insurance Co.'s pace-setting fund is among the group hurt by the change in market favorites.

The $25.5 million pool in U.S. equities run by the Toronto insurer remains the leader for all funds for three, five and 10 years, and was tops in 1983 at 51.8%. The next best performing fund returned 40.1% that year.

But last year, the fund's return plummeted to 1.7%, putting it in the PIPER universe's seventh decile. Its fourth-quarter return was 1.2%, in the eighth decile.

Donavon McKerchar, assistant investment vice president at Manufacturers Life, said he was "a little too optimistic at the beginning of the year," raising the cash position to 40% while holding small-cap stocks, including some high-technology issues, that had done well for the fund previously.

"The first half did us in," he said.

By the end of July, Manufacturers reduced its cash to less than 10% and moved to a much larger weighting in high-cap stocks, attractive to the manager based on price: **Walt Disney Productions, K mart Corp., Hoover Co., Lone Star Industries Inc., Wal-Mart Stores, American Express Co.** and **Great Western Financial Corp.**

First of America Bank in Kalamazoo, Mich., was the best manager of funds in the $10 million to $50 million range, with two funds among the top five overall in 1984, an equity fund at 20.8% (second) and a capital growth fund at 18% (tied for fourth). The equity fund was third overall for the fourth quarter, with a total return of 9%, and is now in the second decile for three years with a compound annual return of 19.7%, 30th overall.

Craig A. Vander Molen, vice president in the bank's equity group, said First of America uses a disciplined, value-oriented approach, screening a pool of low P/E stocks to find those that appear cheap and have a good potential for earnings surprises, where investors perceptions of the stock are starting to change. The equity fund is essentially fully invested.

It had a "good" weighting in utilities, Mr. Vander Molen said, including **Central & South West Corp., Baltimore Gas & Electric Co., Commonwealth Edison Co.,** and **Consolidated Edison Co. of New York.**

The fund also gained from its holdings of defense stocks (**McDonnell Douglas Corp.** and **United Technologies Corp.**) and financial stocks (**Citizens & Southern Georgia Corp.** and **The Wachovia Corp.**)

The utility and regional bank stocks performed particularly well in the second half of 1984. First of America got rid of most of its oil stocks by the end of February, holding instead natural gas issues.

Wilshire Associates said 1984 was not a year for the aggressively managed fund, but the third best pool in the PIPER rankings is an example of a small ($375,000) market-timed account. Run by the National Bank of Bloomington, Ill., it wrung out a 20.8% return.

During the first half of the year, National Bank of Bloomington took a highly defensive posture, said Diane Nafziger, trust investment officer. It maintained cash in the 40% to 50% range and held **Ralston Purina Co., Jewel Companies Inc., American Home Products Corp.** and **Standard Oil Co. (Indiana).**

In mid-July, when the Dow Jones industrial average sank to 1,080 and the bank determined the market was oversold, the fund became bullish, bringing its stock level to more than 90%.

Ms. Nafziger said it moved to good-quality, high-beta companies with highly visible earnings streams: **IBM, Digital Equipment Corp., Motorola Inc., Honeywell Inc., Ryder System Inc.** and **Phibro-Salomon Inc.**

But within four weeks, the bank had pared back to 60% stocks, holding onto only Ryder of the group bought in July and taking profits on the rest. In mid-October, it was back into **Data General Corp., Honeywell, Motorola** and **IBM.** By mid-November, those stocks again were "victims" of profit-taking. In mid-December, the bank reacquired Data General and Honeywell and held a 30% cash position.

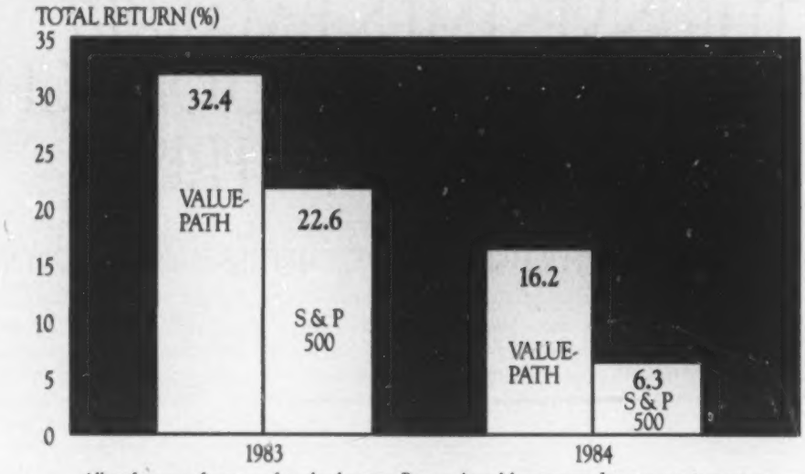
"Our timing was really, really fortunate," Ms. Nafziger said.

First Interstate of Oregon was another manager that was successful by starting 1984 with a conservative, low-risk strategy that called for value and low P/E stocks. It, too, was heavily weighted in financial and utility issues, with strong exposure to insurance stocks, said J. Christian Toronto, vice president and manager of pension investments.

The best performer was **Dreyfus Corp.** Other holdings included **Torchmark Corp., Loews Corp., Central & South West, R.J. Reynolds, Household International Inc., Northwest Energy Co., USLIFE Corp., Bankers Trust New York Corp., J.P Morgan & Co. Inc., Security Pacific Corp., Jefferson-Pilot Corp., Phibro-Salomon, Pacific Gas & Electric Co.** and **Commonwealth Edison.** About 10% cash is kept in the fund.

First Interstate's investment style changed about three years ago. Since then, it has had a 24.7% compound annual return and ranked sixth for the period. It was fourth in 1984 at 18%. A 5.7% return

Continued on page 26



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Fixed-income . . .

Continued from page 13

years and average quality is A.

Continental Investment is a sister company to Life of Virginia, Mr. Hale said.

Both are owned by the Continental Group, Richmond.

The best performer for the five-year period was another Richmond, Va., company, Sovran Bank. Its $40 million institutional bond fund had a compound annual return of 15.5% for the period.

Sovran officials attribute the results to a strategy based on finding undervalued sectors of the market, said William Schultz, senior vice president and manager of the fixed-income department.

The fund is about one-third in corporate bonds, one-third in government issues and one-third in pass-through mortgage certificates, Mr. Schultz said.

The average maturity is eight years and the average quality is double A.

Sovran's fund had a compound annual return of 12.1% for the past 10 years, putting it in a tie for fourth with the bond fund of Pacific Mutual Life Insurance Co., Newport Beach, Calif.

Sovran also outperformed the Shearson Lehman index in the three-year period, with a return of 19%, but slightly underperformed it in 1984, with a 14.8% return.

Mr. Schultz predicts a volatile bond market in 1985. "There'll be opportunities to both buy bonds cheaper and sell at very good prices," he said.

The leading performer for the 10-year period was the $13 million employee benefits fixed-income fund of Fourth National Bank of Wichita, Kan., with a compound annual return of 12.9%.

"The 10-year performance record was built on some pretty gutsy rate anticipation," said Gary E. Hippensteel, vice president and manager of the securities management department.

The fund continued that posture through the bond market rally in the second half of 1984, retiring some high-quality, long-maturity holdings, Mr. Hippensteel said.

Now, officials are altering the strategy somewhat by getting into relative value orientation, as they look for significant slowing in the decline of rates.

The fund is 55% in corporate bonds, 36% in government issues and 9% in cash, Mr. Hippensteel said

Its average maturity is 13.6 years and average quality is double-A minus.

Fourth National tied the Shearson Lehman index with a 15% return in 1984. It outperformed the index for the quarter, with 8.1%, and for the five-year period, with 14.4%. It underperformed the index for the three-year period.

For the past three years, the second best performer behind Life of Virginia was the bond fund of First Wisconsin National Bank of Madison, with a 21.2% return.

First Wisconsin's philosophy is emphasizing quality, said David Halford, vice president and investment officer: "We don't do much in terms of playing around with junk bonds."

About 65% of the $10.5 million fund is in U.S. government bonds or triple-A rated bonds. The average quality in the fund is double A to triple A and the average maturity is 16 to 17 years.

In 1985, Mr. Halford said he looks for interest rates to come down further, with the prime possibly going to less than 10% and long-term government bonds to 10.5% or 10.75%.

However, he said rates could go higher in the latter half of the year, particularly if there is not substantial reduction in the federal budget deficit.

First Wisconsin outperformed the Shearson Lehman index for 1984, with a return of 15.8%, and for the fourth quarter, with 7.9%. It underperformed the index for the five- and 10-year periods.

After IAA Trust and Life of Virginia, the best performers for all of 1984 were John Hancock Mutual Life Insurance Co., Boston, third with 17.6%; First National Bank of Allentown, Pa., fourth with 17.2%; and Merchants National Bank of Mobile, Ala., fifth with 17.1%.

For the fourth quarter, United Bank of Denver had the second best return, 9.2%, followed by Centerre Trust Co. of St. Louis, 9%; The Travelers Insurance Co., Hartford, Conn., 8.8%; and Allied Bank of Texas, Houston, 8.7%. ■

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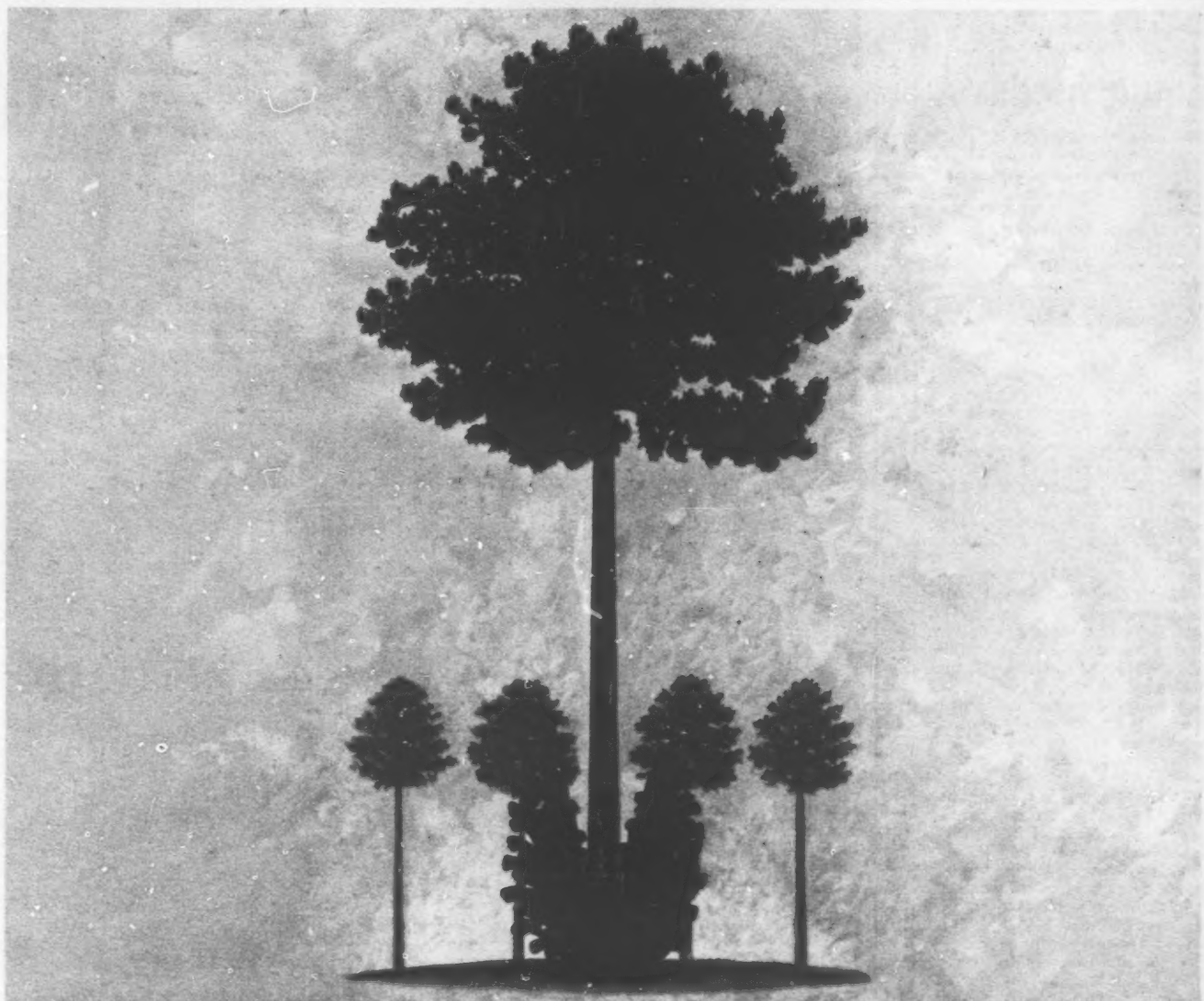

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Lipper index rises 1.72%

Convertibles gain in 1984

NEW YORK — The Lipper Convertible Securities Market Index, measuring the performance of convertible bonds and convertible preferred stocks, was up 1.72% on a total return basis for 1984.

The index is compiled by Lipper Analytical Securities Corp. and includes all issues carried in the Lipper Convertible Analysis Report.

The report covers 390 convertible bonds, 248 convertible preferred stocks and 63 warrants.

The convertible securities index is the one featured in the first edition of Lipper Performance Indexes.

The report will feature details on a different index each month.

Starting at a value of 109.78 Dec. 28, 1983, the convertible securities index rose 3.42% on a total return basis for the first quarter of 1984, but declined sharply during the second quarter.

The index reached its low point July 25 at 107.29, representing a decline of 9.98% for the period.

It rebounded during the ensuing five months to close the year at 121.24.

On a total return basis, convertible bonds monitored by the Lipper Convertible Bonds Market Index declined 2.53% between Dec. 28, 1983, and Dec. 31, 1984.

This decline, when compared with the positive performance of fixed-income investments, might be the result of the failure of secondary stocks to rally on the heels of advancing stock prices in early August, according to Lipper officials.

Convertible preferred stocks, which were up 6.29% for the year, outperformed convertible bonds by 8.98% and helped lift the overall convertible securities index to end the year with a positive return.

Lipper also has indexes for mutual funds, municipal bond funds, brokerage stock prices and mutual fund management companies.

In mutual funds, the Lipper Growth Fund Index was down 2.8% for 1984, closing the year at a value of 213.98.

The Lipper Growth and Income Fund Index closed the year at 338.44, up 2.6%, and the Lipper Balanced Fund Index closed at 283.44, up 4.9%.

The Lipper General Municipal Bond Fund Index, measured on a principal basis only, was down 0.3% for the year, closing at 104.26. Among brokerage stock price indexes, the only one with a positive return was the Lipper Interest Sensitive Brokerage Firm Index, which rose 30.5% during the year to close at 214.

The Lipper Brokerage Firm Composite Index dropped 6.1%, finishing the year at 186, and the Lipper National Full Line Brokerage Firm Index dropped 18.1%, also closing at 186.

The Lipper Regional Brokerage Firm Index went down 24.5%, closing at 160.

The Lipper Mutual Fund Management Company Stock Price Index was up 22.7% for the year, closing at 194.64. ■

Equity funds . . .

Continued from page 24

in the fourth quarter helped.

The bank prefers stocks with betas below the market, Mr. Toronto said.

In utilities, "we tended to focus on those that weren't completely pure from the nuclear industry," he said. "We tend to operate about 150 degrees away from Wall Street. We tend to look for opportunity when they're concerned for a particular stock."

First Union National Bank of Charlotte, N.C., is a rare case of a consistently successful manager of a large fund. For the 10-year period, it had a 17.1% compound annual return, ranking 21st; five years, 23.3%, second place; three years, 27%, again second; and for 1984, the $95 million fund was 13th, at 12.7%, aided by a 5.6% fourth quarter.

William R. Hackney III, chief investment officer for First Union's capital management group, said he raised the cash holdings by late 1983 to 25%, consequently avoiding "some of the pain during the first half of the year."

He believed the time has come to "pull in our horns" after the strong market got tired by mid-1983 and interest rates had started moving upward.

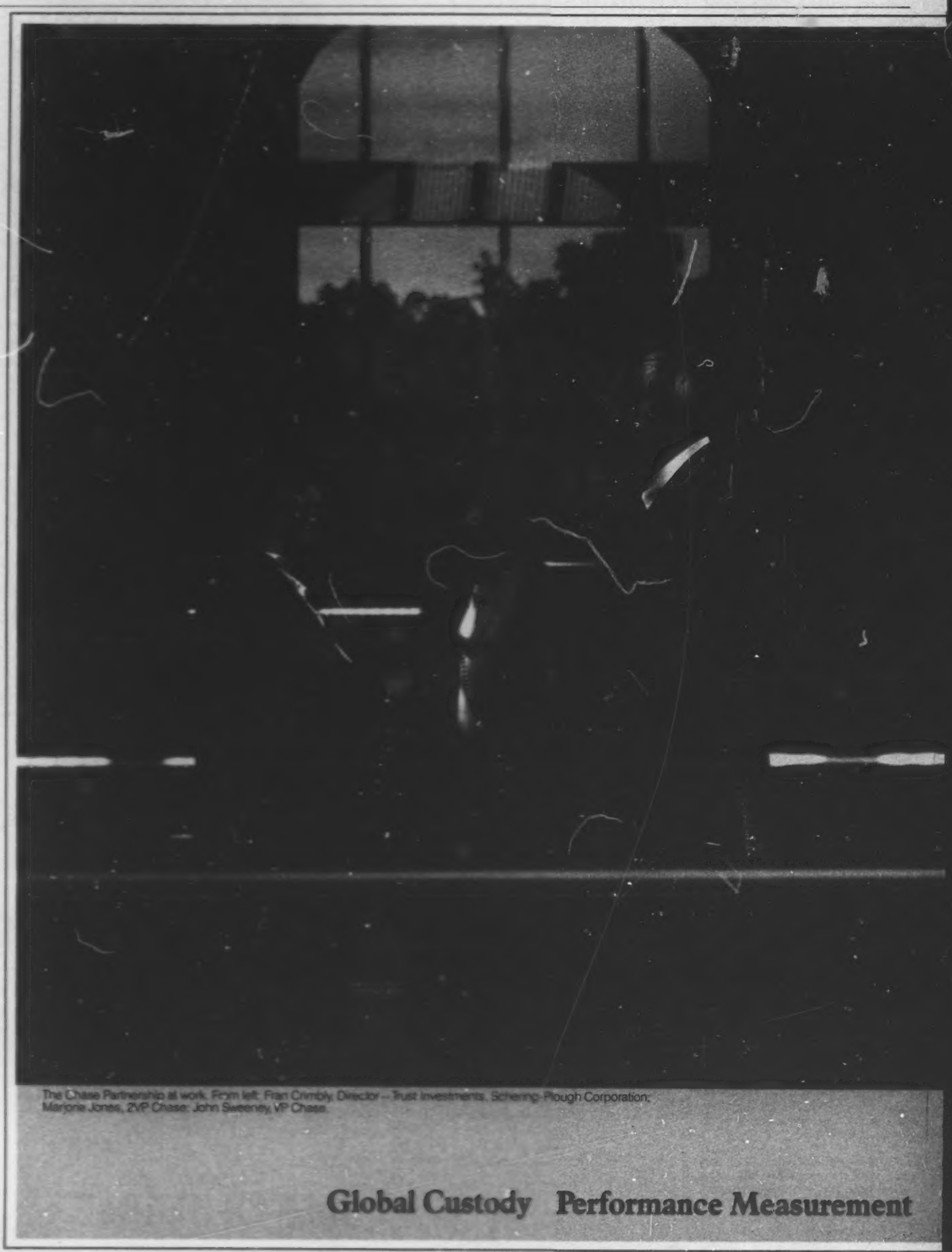
Thereafter, the key was maintaining healthy cash reserves, a heavy concentration in utilities, foods and tobaccos, and an emphasis in high-cap, blue-chip stocks. "We maintained a very cautious approach to the market," Mr. Hackney said.

Late in the year, he committed cash to some stocks that were "badly battered during the 18-month correction," such as high-tech and electronic issues: **Gould Inc., Avnet Inc.** and **NCR Corp.** He also moved into transportation (**Burlington Northern Inc., USAir Inc.**), New York banks (**Citicorp**) and basic industries (**Engelhard Corp., Champion International Corp.**).

This strategy has continued into January.

"The market has undergone a tremendous shift in emphasis over the last 60 days," Mr. Hackney said early this month.

"The Dow utility index led the market through the end of '84 and went dead as a doornail in January," Mr. Hackney said. "The key to 1984 was being cautious, defensive and avoid making mistakes. The key to '85 is capitalizing on the strong market that is likely going to exist into the summer but know when to sell. A good sell decision is going to be critical in late summer, early fall." ■



The Chase Partnership at work. From left: Fran Crimbly, Director – Trust Investments, Schering-Plough Corporation; Marjorie Jones, ZVP Chase; John Sweeney, VP Chase.

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Real Estate

Swings in returns highlight appraisal strategy

By Mark Westerbeck

WESTPORT, Conn. — An extraordinary 23.8% rate of return reported for Coldwell Banker Capital Management Services Fund V for the first nine months of 1984 illustrates the paradoxes that can be caused by a real estate appraisal strategy.

Coldwell explained the performance number shot through the roof last year because the firm appraises conservatively. However, the return was so good it made marketing more difficult.

The 23.8% return on Coldwell Banker's fifth closed-end fund was calculated by "Real Estate Profiles," published quarterly by the consulting firm Evaluation Associates Inc.

The projected annualized return of 32.9% helped raise the return for the three years the fund's performance has been tracked to 19.6%, making it the best performer for all 48 pooled funds tracked by Evaluation Associates during that period.

The lion's share of the nine-month return came in the third quarter. For the first six months of 1984, the Coldwell fund had a more conventional rate of return, 7.7%; after three months, it was 5.7%.

At this rate, the fund would have been exceeded only by J.P. Morgan Investment's open-end fund in 1979 and two of Coldwell's earlier closed-end products in the boom year of 1981.

More importantly, few seasoned funds reporting for at least three years give off returns of at least 19% a year.

The median for all 48 funds reporting for at least three years is 12.5%. The only closed-end fund to cash out thus far, Coldwell's first, returned 14.4% to investors annually for its 10-year life.

So what suddenly happened to Coldwell Banker Fund V? Two things, according to James G. Nugent, senior vice president.

The first had to do with Coldwell's strategy of putting up to 30% of any fund into developmental projects. Any development has no cash flow for at least two years until it reflects substantial leasing, so it is carried on the books at cost — no appreciation. Coldwell counts the building as income when it becomes 50% leased, making the jump in the performance numbers dramatic.

In this case, the property is the 10-story Crossroads office building in San Mateo, Calif. The fund has a 50% joint venture interest in the 152,000-square-foot building, most recently appraised at $12.4 million. Fund V is valued at $67.2 million; capital raised for the fund was $52.8 million.

The second event had to do with the most significant property in the seven-parcel portfolio, the 10-acre plot in booming Tysons Corner, Va., now valued at $18.8 million.

The fund already had a 100% interest in the land and a 158,000-square-foot office building when Homart Development Co. and Theodore N. Lerner, a local investor, bought an 18-acre parcel next to the property with the intent of building a multiuse project.

This caused a second highway to be built alongside Coldwell's plot, giving it in essence a second front door.

Coldwell has determined it can now develop an additional 200,000-square-foot office building on its land. Coldwell's appraisers thus boosted the value on the appropriate parcel of land to $4 million from zero.

Continued on page 30

This warehouse development was bought by a Seattle-area union fund.

Wrap-up

Union fund acquisition

KIRKLAND, Wash. — The Seattle-area chapter of the International Union of Operating Engineers-Employers' Construction Industry Retirement Fund acquired the Par Mac Business Park here for $3.65 million.

The five-building warehouse development is on 117th Place N.E. in the Totem Lake area. It was bought under the guidance of Rainier Real Estate Advisors and Rainier National Bank trust department, Seattle, which are jointly developing and managing the real estate portfolio of the fund.

The seller was Benchmark Inc., a subsidiary of Great Western Federal Savings Bank, and the broker was Coldwell Banker.

"Par Mac adds to our diversification strategy because two buildings are designed for office/warehouse use, while the other three are distribution-type warehouse facilities," Stephen Kates, vice president of Rainier Real Estate Advisors, said in a news release.

Phoenix fund delay

PHOENIX, Ariz. — The $190 million Phoenix City Employees Retirement System probably will defer until its April 17 board meeting the selection of an adviser for its first real estate investments.

The fund, with the help of consultant Kenneth Leventhal & Co., has had a list of five finalists for at least two months, but is holding off on a decision because of the addition in January of new board members and the incomplete makeup of its investment committee, according to City Treasurer Paul Winner.

Interestingly, the finalists include Leventhal, a Big 8 accounting firm. The others are First Equities Institutional Properties Inc., First Chicago Investment Advisors, Am Cal Co. and the slate of commingled funds marketed by Manufacturers Hanover Trust Co. Real Estate Investment Advisory Group.

The city system last year got legislative permission to invest up to 10% of its assets in equity real estate. It is said to want to invest $12 million to $15 million at the start, using cash from expiring short-term instruments.

Equitec buys 2 sites

OAKLAND, Calif. — Equitec Institutional Realty Advisers Inc. has acquired two properties for its first closed-end pool, which was sealed at year end with $31 million from five pension funds.

The first property was an 11-story, 126,000-square-foot office building at 200 S. Hanley in Clayton, Mo., a St. Louis suburb. The federal government rents 35% of that property; the U.S. Postal Service, 10%; and Equitable Life Assurance Society of the United States, 8%.

The second property was a pair of one-story office complexes near the Memphis, Tenn., airport called Executive Plaza and Director's Plaza I.

The 19 buildings holding 279,000 square feet were bought for $14.2 million, including a mortgage of $2.4million that was assumed.

Data Communications and Federal Express lease a total of more than 35% in the properties. On a six-year pro forma that implements a 9% capitalization rate, Equitec projects a 17.72% average annual return.

The five fund participants are SCOA Industries Inc., Columbus, Ohio; K mart Corp., Troy, Mich.; Boise Cascade Corp., Boise, Idaho; Nalco Chemical Corp., Oak Brook, Ill.; and Outdoor Marine Corp., Waukegan, Ill.

In the past several months, SCOA, an original investor in PRISA, added to its real estate portfolio by investing in TCW Realty Advisors' second closed-end

Continued on page 31

Firms prepare for 'consolidation'

By Mark Westerbeck

NEW YORK — With all the "consolidation" real estate money managers anticipate in their industry, the trials and successes of major players take on added importance.

The managers have expressed considerable concern with the growth in their ranks and a market size that hasn't become as big as once anticipated. The number of advisory firms hasn't shrunk dramatically yet, but managers do talk among themselves about a coming "consolidation."

This places new attention on what some of the firms view as their strengths, how they can identify themselves as different, or what new product they can offer to draw pension assets.

Here are just four examples of what's new and different, and how it has been working.

• J.P. Morgan Investment was still Morgan Guaranty Trust Real Estate Group, and Rohit Desai was still in charge of the open-end commingled real estate account, when the decision was made to change its posture from a fund of real estate equities to one now more weighted in equity real estate.

Vice President Timothy Heise, who replaced Mr. Desai when he left last spring, said the growth in the equities was exhausted, causing the strategy shift.

Real estate investment trust stocks "are pretty fully valued right now," Mr. Heise said.

The liquidation was a reaction to changes in the marketplace, not a program. "In general, we don't buy technically," he said.

The fund was conceived in 1970 as one for stocks of real estate companies and investment trusts. In 1980, the switch was made to a few big direct investments a year, with an eye toward value growth through renovation and hybrid debt structures.

Stocks were sold, investments made, and now the fund is 63% in property, according to Evaluation Associates Inc. The rest, as of last September, was 21% cash reserves, 12% real estate stocks, 2% REITs and 2% fixed-income securities.

For years, the stock strategy worked extremely well for Morgan. The fund's 19.1% cumulative annual return dating to 1975 is surpassed only by the Security Capital Real Estate Fund among seasoned pools (Security Capital's is 19.8% since 1977).

The change in strategy has not hurt fund-raising efforts. In Mr. Heise's eight months, the fund has added six new clients (including the State of Connecticut and the Army and Air Force Exchange Service), reaching about 160, and the fund's size grew about 10% to $711 million.

The fund now grows by about $100 million annually. With a cash-on-cash return of more than 9%, $60 million to $70 million is generated internally. With new contributions, the gross growth can range from $100 million to $150 million.

Withdrawals, however, can drag on total growth; last year, Chrysler Corp.'s withdrawal was worth $25 million.

Short-term measures don't apply as well to real estate as to other forms, but for the most recent past, Morgan might have been better off as a stock fund.

In 1982 it paced the market at 23.1%, and in 1983 it was among the leaders at 19.6%. But for 1984 it returned 14% (9.3% cash, 4.7% appreciation), close to Evaluation Associates' estimate, which would put it in the top half of all funds but close to the middle of the pack.

Citibank's real estate stock fund, which does what Morgan once did, returned 17.3% on the year, second among all special equity funds tracked by Pensions & Investments' Performance Evaluation Report.

Citibank's fund leads that category for three years with a 29.1% compound annual return. Morgan's real estate fund returned 19.2% for three years, tops among open-end funds and second among all funds.

• The Boston Co. Real Estate Counsel Inc. is making a gradual shift into property development for its pension fund clients.

By 1986, Robert A. Radloff, president, wants development and development-oriented projects to be 25% to 30% of the firm's activity.

Since starting this thrust 18 months ago, the firm has put $50 million of highly leveraged pension fund capital into development.

All told, the adviser has invested $600 million of eight clients' capital in properties with a gross value of $1 billion, including the Teacher Retirement System of Texas Teachers, Owens-Illinois Inc. and

Continued on page 32

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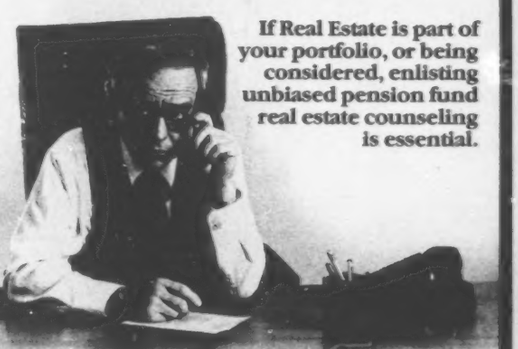

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Appraisal . . .

Continued from page 29

This kind of dramatic performance activity hurts Coldwell's current effort of selling Fund VIII because of all the explaining that becomes necessary.

"A lot of people don't understand that we're doing very conservative reporting on development projects," Mr. Nugent said.

"A lot of people don't understand that 30% of our funds are in development projects, and for two years there's nothing until it comes on stream," Mr. Nugent explained.

Other Coldwell funds reflect similar one-shot massive increases in their early years.

Fund IV went from 12.2% in 1980, the lowest among all eight closed-end funds in its first reporting year, to 23.6% in 1981, then back down to 15.5% in 1982 when real estate performance fell off broadly.

The latter figures were in the top quartiles.

Fund III started at 12.4% in 1979, again a market low, then went to 19.3% the next year, still comparatively low, and down to 13.6% in 1981.

Not all managers conduct appraisals regularly. In some cases, they do appraisals for all their funds at the same time once a year, or on their impact on a year-to-year basis.

The RREEF Funds stick out in this regard, expressing much stronger concerns about returns on liquidation of their closed-end funds.

In the figures accompanying this story, the closed-end funds lag the open-end funds overall for the short term, but catch up in the longer-term measures.

Returns on top, bottom funds

The funds listed below are extracted by *Pensions & Investment Age* from a complete list supplied by Evaluation Associates Inc. out of its "Real Estate Profiles" service.

The 9-month returns are for the first three quarters of 1984. For the other periods, Evaluation Associates has annualized the nine-month figures into a full-year return.

The total number of funds in each sample and the median return for those funds are noted.

For the total sample, the median returns were: 9 months, 66 funds, 8.9%; three years, 48 funds, 12.5%; five years, 24 funds, 14.3%.

Open-end funds

9-month returns
(35 funds; median, 9.8%)
Top five returns

	%
Copley Real Estate	17.6
Phoenix Mutual	15.0
Metropolitan Tower Fund	14.4
Prudential PRISA II	14.0
NCNB	13.8

Bottom five returns

	%
InterFirst Bank Dallas	6.8
Wachovia Bank & Trust	6.8
HT Investors	6.7
Connecticut Mutual	6.5
Bank of America	6.1
Citibank	5.6

3-year returns
(33 funds; median, 13%)
Top five returns

	%
J.P. Morgan Investment	19.2
NCNB	16.6
Phoenix Mutual	16.3
First Bank Minneapolis	16.1
Security Capital	15.5

Bottom five returns

	%
Connecticut Mutual	9.3
MRealty Corp.	9.1
Travelers	9.0
Citibank	7.8
New York Life	7.1

5-year returns
(17 funds; median, 14.2%)
Top five returns

	%
Security Capital	20.8
J.P. Morgan Investment	17.4
NCNB	17.3
Chemical Bank	15.6
Wachovia Bank & Trust	15.6

Bottom five returns

	%
InterFirst Bank Dallas	13.1
John Hancock	12.5
Crocker National Bank	12.2
Bank of America	11.8
Travelers	11.8

Closed-end funds

9-month returns
(31 funds; median, 7.4%)
Top five returns

	%
Coldwell Banker V	23.8
Aetna	14.0
John Hancock	13.7
RREEF West V	13.1
JMB I	11.1

Bottom five returns

	%
RREEF USA I	5.1
RREEF West I	4.7
RREEF West IV	4.7
RREEF USA II	4.7
RREEF Midamerica I	3.9

3-year returns
(15 funds; median, 11.3%)
Top five returns

	%
Coldwell Banker V	19.6
JMB I	15.7
RREEF USA II	14.5
RREEF Midamerica II	14.4
Coldwell Banker II	14.3

Bottom five returns

	%
Coldwell Banker VI	11.0
Coldwell Banker III	10.6
RREEF Midamerica I	9.8
Capital Consultants	9.3
RREEF West IV	8.6

5-year returns
(7 funds; median, 15.7%)

	%
Coldwell Banker II	22.1
RREEF West III	16.8
RREEF USA I	16.7
Coldwell Banker IV	15.7
RREEF West I	15.7
RREEF West II	14.1
Coldwell Banker III	13.0

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The NCNB Real Estate Fund's average annual return has climbed to the top of the open-end fund universe at 17.3% over the past five years. A good example of that industry-leading performance is exemplified by 1984's return of 19.0%. Quality is why we're at the top, and quality is how we'll stay–year after year.

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**Five-year averages as reported in the CDA Investment Technologies, Inc. report for period ending 12/31/84.*

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New firm forms

DALLAS — John D. Gourley, who left as president of Lehndorff & Babson Real Estate Counsel Inc. in July (*Pensions & Investment Age*, July 23), has helped form a new firm here called First Pension Realty Advisors.

He is a partner, as is Roy Mers, formerly vice president and acquisitions officer with the syndicator Robert A. McNeil Corp., and a third, as yet unidentified individual.

First Pension Realty Advisors also has three support personnel, two of whom are real estate professionals.

First Pension will provide acquisition and disposition services and asset and property management for tax-exempt accounts. It offers advice on direct investing and will not offer pooled funds. ■

International

4 managers expand investment activities

Global investment called wave of the future

By Rose Darby

NEW YORK — Three established U.S. money managers, Morgan Stanley Asset Management Inc., and M.D. Sass Associates Inc. and The Prudential Asset Management Co. Inc., are hammering out global investment capabilities in the belief that it's the wave of the future upon which they must be prepared to ride.

In a related development, Batterymarch Financial Management, Boston, will apply its well-known contrarian, value-oriented approach to active international account management, said Alan Strassman, executive vice president.

"We believe we will see, over the next five- to 10-year period, a significant move of U.S. pension fund assets globally," said Martin D. Sass, president of M.D. Sass Associates, New York.

The firm manages roughly $1.6 billion for approximately 100 major pension clients.

"The U.S market is 55% of the world market," he reasoned. "So that means pension funds are not investing in 45% of the world market, or if they are doing so, it is only in a very small way."

Barton M. Biggs, chairman of Morgan Stanley, New York, agreed.

"We believe globalization will be the largest cause of the shift of assets from one manager to another in the next few years," he said. "Preparing for this environment will be the sternest test for senior people in the asset management organizations.

"We are convinced that investing is becoming increasingly global and that the rate of change in this direction will accelerate.

"To some extent, this trend is a reaction to the superior performance over the last decade of foreign markets, but it is also part of the internationalization of business in general."

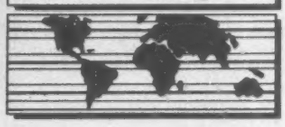
Five years from now, the standard of comparison for American institutional investors might well be the Capital International Index, not the Standard & Poor's 500, said Mr. Biggs.

"It's illogical for us as prudent managers to not look at world markets," said Robert E. Riley, presi-

Continued on page 44

Left, Barton M. Biggs; right, Martin D. Sass.

International update



Prudential buys 2nd international subsidiary

NEWARK, N.J.— The Prudential Insurance Co. of America has acquired its second international pension management subsidiary, Mercator Asset Management.

Mercator is a newly formed global money management firm created by three portfolio managers who recently left Templeton Investment Counsel, St. Petersburg, Fla.

Prudential Capital Management International, the insurer's existing international money management arm, oversees roughly $800 million, of which about $400 million is tax-exempt, said Robert E. Riley, president and chief executive officer of the Prudential Asset Management Co., Newark.

About $260 million of the tax-exempt total is in international equities and $140 million is in bonds.

Although this puts a second international firm under Prudential's umbrella, it by no means ends the insurer's interest in acquiring investment management subsidiaries, said Mr. Riley.

"We haven't closed our eyes to other possibilities," he said. "We said we would look at more than one source in the management area, and we might do so in the domestic equities area yet.

"An organization of our size can use more than one source of assets. We manage only 1% of domestic common stock pension assets, out of the overall U.S. picture."

Prudential Asset Management oversees investment of roughly $4 billion to $5 billion in common stocks for pension funds, he said.

Referring to the differing investment styles of the two international subsidiaries, Mr Riley said, "We know clients will select both types of managers. We're getting a second source of product in Mercator and providing clients with an entrepreneurial environment."

Mercator will open its doors March 1.

Change in international investment

Plan assets	1979	1980	1981	1982	1983	1984
over $1 billion	26%	40%	59%	60%	63%	65%
$501-1,000 million	24	27	42	60	33	41
$251- 500 million	18	24	32	32	30	34
$201- 250 million	5	18	20	22	24	29
$151- 200 million	15	22	17	27	19	30
$101- 150 million	12	7	19	21	24	15
$ 51- 100 million	6	9	13	9	10	10
$ 41- 50 million	4	4	10	11	5	7
$ 31- 40 million	4	4	5	9	11	3
$ 21- 30 million	4	7	5	7	3	5
$ 16- 20 million	0	11	5	8	2	3
$ 10- 15 million	1	0	7	12	0	2
under $10 million	1	3	4	4	0	0
Total companies	**8%**	**13%**	**17%**	**18%**	**19%**	**20%**

Compliments of Greenwich Research Associates

Foreign bank rules

TOKYO — The Japanese Ministry of Finance has released requirements for foreign banks eager to join the ranks of money managers investing Japan's burgeoning $60 billion in pension assets.

Japan's trust business is the fastest growing pool of funds in the world. Estimates put Japanese pension assets at $260 billion 10 years from now.

Eight trust bank licenses initially are being offered to foreigners, because there are eight trust banks doing business in Japan now, said a ministry spokesman in New York.

They are Mitsubishi Trust Bank, Sumitomo Trust Bank, Mitsui Trust Bank, Yasuda Trust Bank, Toyo Trust Bank, Chuo Trust Bank, Nippon Trust Bank and Daiwa Bank.

"But, if the number of foreign banks trying to get permission in Japan is over eight, we can consider other opportunities," the spokesman added.

A trust bank can be established by a foreign bank alone or by a joint venture between the foreign bank and an existing Japanese trust bank, he said.

Applicants must meet three con-

Continued on page 44

Fines possible for unreported deals

By Rose Darby

NEW YORK — Pension funds and their international money managers might be violating federal law if they are not reporting all transactions made for their portfolios in foreign securities.

Fines of up to $10,000 could be levied if the reports are not made to the U.S. Treasury Department.

The Treasury International Capital Reporting System, the division that collects and compiles all data on international portfolio transactions by banks, brokers and nonbanking enterprises such as international money managers, suspects many pension funds are not complying with the law.

The recent popularity of foreign investment among U.S. pension funds has heightened awareness by U.S. Treasury officials that many transactions in foreign securities apparently go unreported, said Gary A. Lee, manager of the TIC Reporting System.

"We have been concerned for some time that the rapid international diversification of U.S. pension fund investments may not be adequately reflected in the statistical series collected under the TIC Reporting System," he said.

"We don't know how much is going unreported, but from what we read in the press, we don't think we're getting it all."

Mr. Lee emphasized compilation of the data was "purely for statistical purposes."

Aggregate totals are used to determine the U.S. balance of payments accounts and to calculate the U.S. international investment position, he explained.

The data also becomes a factor in formulating international financial policy and in government and international circles such as the International Monetary Fund, he added.

The figures are widely relied upon by researchers in both the private and government sectors, he said.

"Banks and securities firms also use the data to gauge how much business they are getting in a particular situation, specifically in terms of market share," Mr. Lee said. In addition, money managers frequently use the data in constructing their investment models.

All data is confidential in that the U.S. Treasury refuses to break out individual information, Mr. Lee said: "Only the national totals are reported."

Collective figures are published in the quarterly Treasury Bulletin, in the monthly Federal Reserve Bulletin and in the quarterly Commerce Department Survey of Current Business.

Willful failure to report can result in criminal prosecution and a conviction could bring a fine of no more than $10,000 and/or imprisonment of no more than 10 years.

Possible reasons cited for the non-compliance included that pension funds might not be aware of the reporting requirements or might believe the bank, insurance company or money manager mak-

Continued on page 44

Prudential buys . . .

Continued from page 43

ditions.

First, only a foreign bank can apply; the door remains shut for foreign securities firms or insurance companies.

Applicants must already manage trust business in their home country, either directly or through a 100% owned subsidiary.

Finally, volume of discretionary pension accounts under management in that home country should exceed 1.2 trillion yen or $4.7 billion.

This is the average volume of discretionary tax-exempt assets in each Japanese trust bank, said the spokesman.

Rumor has it the Finance Ministry expects to give the green light to Citibank, Chase Manhattan Bank, Bank of America and Morgan Guaranty, Britain's National Westminster Bank and Germany's Deutsche Bank.

That leaves two spots for which the rest of the world's bankers will vie.

Ministry of Finance officials could not confirm the report.

Overseas investment

GREENWICH, Conn. — Twenty percent of corporate pension funds had made the leap into international investment by 1984, compared with only 8% in 1979, according to a recent report by Greenwich Research Associates.

As plans get larger, so does the likelihood of their participation in foreign markets, the report showed.

For instance, 65% of plans with more than $1 billion in assets had some portion of assets overseas, according to the study.

This is an increase from roughly 26% for the same plans only four years ago.

In 1984, 41% of plans with $501 million to $1 billion in assets were investing internationally, according to the study. That's up from 24% four years ago.

Plans with assets of $100 million or less, showed the slowest growth of any surveyed.

Ten percent of plans with $51 million to $100 million in assets were investing internationally in the past year, but four years ago 6% of the same group were doing so.

Investment study

GREENWICH, Conn. — Reasons for not investing overseas can vary depending on how much a corporation has in its coffers for pension and employee benefit funds, according to another Greenwich Research Associates study.

From a sampling of more than 1,000 pension funds that don't invest internationally, it was learned 52% of them did not do so because of reluctance on the part of senior management.

For plans with more than $200 million in total assets, senior management reluctance was the reason 53% of the time.

The same reason was given 54% of the time among plans with $200 million to $50 million, and 49% of the time among plans with less than $50 million.

Lack of internal international expertise was the reason 48% of total companies interviewed turned thumbs down on the idea.

Not surprisingly, only 36% of plans with more than $200 million in assets said that was the reason.

Those with $200 million to $50 million gave lack of international expertise as a reason to avoid international 48% of the time, while plans with less than $50 million used that reason 54% of the time.

The risk involved in foreign currency transactions was a reason among 33% of the companies responding.

Thirty-eight percent of plans with more than $200 million used that reason too, while 33% of those with $200 million to $50 million used it. Those with less than $50 million thought foreign currencies were too risky 30% of the time.

Global efforts . . .

Continued from page 43

dent and chief executive officer of Prudential, Newark, N.J.

In an attempt to introduce a global investment capability, the huge insurer recently acquired a newly established global investment firm, Mercator Asset Management in Fort Lauderdale, Fla.

As the first step toward building a worldwide investment network, M.D. Sass set up a Canadian joint venture with Elliot & Page Ltd. of Toronto — Sass, Elliot & Page Inc. (*Pensions & Investment Age*, Feb. 4).

The new company will manage investments of Canadian pensions and other funds in the U.S. securities markets, said Mr. Sass.

Elliot & Page Ltd. has more than $2.5 billion in assets under management and is one of Canada's largest money managers.

The focus at M.D. Sass is on establishment of a global network.

"We are looking for small organizations that are astute money management firms in Europe and the Far East, in terms of possible acquisitions as one entry point," he explained. "The other (approach) is to talk to investment managers in those markets."

He said the firm will offer global investment in stocks, bonds, money market instruments and currency hedging.

At Morgan Stanley, Mr. Biggs said, "Our goal is to provide investment strategy, research, trading, and sales capability that will be extremely useful in this new environment."

This year, Morgan Stanley will spend almost $35 million on investment and economic research, he noted.

"We plan to have a separate foreign research department and we expect to have it at least partly in place by the end of this year," he said. "There will be an investment strategy and research group in Tokyo covering the Japanese and other Far Eastern markets."

Because Morgan Stanley has an office in Australia, a special research effort will be launched there, he added.

"In London, we will have another research and strategy group following the English and European markets.

"In addition to an international investment strategy product, we expect . . . to add technical analysis in both financial markets and in currencies," he said.

International products of a quantitative bent are being developed under a research effort headed by Nunzio Tartaglia, and David O'Connell was made the interim manager for the international research department, Mr. Biggs said.

"We have asked Byron Wien to join us as our investment strategist for the U.S. equity market," he said.

"My comments, from now on, will be focused more on asset allocation, international events, and the relative attractiveness of the world's markets. In other words, I am going to attempt to be a global investment strategist."

At Batterymarch, "our real growth and strong suit is in active management," said Mr. Strassman.

"It's our intention to implement the same systems as we do in domestic management."

Batterymarch set up an international commingled fund, with the intention of doing what few international money managers do, said Mr. Strassman: "That is, to be a contrarian investor and a value-oriented one."

"We think, in the foreign arena, we're in a competitive situation similar to that of a few years ago in the domestic area," he explained.

"The key strategy in the foreign arena is the country-weighting decision.

"We want to overemphasize those countries which are the most depressed and out of favor with other investors. We want to de-emphasize those countries in favor with other investors and which are richly priced."

An electronic system has been adopted in which 24 brokers around the world are calling Batterymarch to do international trading, he said.

The firm now manages between $400 million and $500 million between its international mutual fund and separate account customers, he explained. "Virtually all that business is from existing clients," he said. "We have not been out beating the bushes."

TICS system . . .

Continued from page 43

ing the international investment will do the reporting.

But managers don't automatically do the reporting, Mr. Lee said.

In this case, a foreigner is defined as any U.S. citizen residing abroad, any company operating under the laws of a foreign country, any branch of an American company overseas, any government or person of a foreign country, or any person in the United States acting on behalf of any foreigner.

An investment of $500,000 or more, each month, triggers the reporting requirement, he said.

Thus, when a U.S. pension fund official calls a broker in London to buy or sell a foreign security for the fund's portfolio, the responsibility for reporting is on the pension fund.

Anytime a pension fund orders a money manager, who is overseas without a U.S. office, to buy or sell a foreign security for its portfolio, it is up to the pension fund to do the reporting, he said.

But, if an international money manager has U.S. and overseas offices, and the manager calls its London office, to perform a trade for a U.S. pension fund client, then the U.S. office of that money manager is responsible for reporting, said Mr. Lee.

If a fund has a master trust or a custodial relationship with a U.S. bank overseas, that bank should not be relied upon to do the reporting.

Again, it should be done by the customer, he said.

If funds are invested with a bank, and trades are ordered from the U.S. office of the bank to one of its foreign branches or to a foreign broker, then the bank itself should do the reporting.

Also sharing responsibility for reporting are all U.S. intermediaries for foreign pension funds and their foreign-based money managers, if they are investing portfolios here in the United States, Mr. Lee said.

Banks should get forms from and report to their local Federal Reserve Bank. Non-banks should get forms from and report to the Federal Reserve Bank of New York.

The TIC Reporting System data represents U.S. international portfolio investment as it flows into and out of the United States.

Questions on the reporting requirements can be answered by Mr. Lee at (202) 566-3114, or Loretta Lopez of the New York Federal Reserve Bank at (212) 791-8243. ■

National Wall Street
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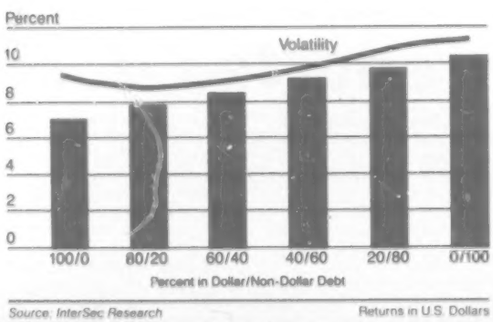

Source: InterSec Research
Returns in U.S. Dollars

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Pensions & Investment Age

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National Can will terminate pension plans

By Trudy Ring

CHICAGO — National Can Corp. intends to terminate pension plans to help bankroll efforts to fight a hostile takeover attempt by Victor Posner's NVF Corp.

The company expects to use at least $15 million in surplus assets from the terminated plans to help pay off loans made to the company's new employee stock ownership plan for purchase of company stock.

National Can has filed documents with the Securities and Exchange Commission in which the company and the ESOP made a tender offer for all outstanding shares of stock at $40 per share.

With the offer, National Can joins a growing list of companies using ESOPs in takeover situations, and a smaller list of companies that use excess assets from plan terminations as part of the deal.

To finance the purchase, refinance older debt and produce working capital, the company has obtained a three-part loan commitment for $480 million from eight banks.

The tender offer documents said surplus pension assets would be used to pay on a 10-year term loan of up to $130 million to finance the ESOP's purchase of shares.

In the offer, National Can promised "to use its best efforts to remove (the excess assets) from its presently existing pension plans, not later than Dec. 31, 1986."

The offer also said National Can's projections of future income are based partly on the assumption that it would reap an after-tax gain of about $8 million from the terminated plans.

National Can officials did not return repeated calls for comment on the pension issue.

According to the tender offer, National Can had pension assets of $193 million and vested liabilities of $150 million as of Jan. 1, 1984.

The firm has several pension plans, but it is expected only its plans for salaried employees will be terminated, since hourly plans often are collectively bargained.

The company and its ESOP are offering to buy 5.4 million shares of National Can common stock, about 52.7% of shares on a fully diluted basis, at $40 per share in cash net to the seller.

The ESOP would buy 900,000 shares and the company, at least 4.5 million.

National Can said it is making the offer to give all stockholders the opportunity to receive the $40 per share they would have received if a merger with NVF Co. would have gone through.

The offer is structured so no third party could acquire control of National Can without paying a premium over the $40 per share.

Financing for the transaction is subject to several conditions, including that upon consummation of the offer, the ESOP own and control at least 50.1% of National Can's outstanding voting stock.

The ESOP received 1 million shares of a new preferred stock issue, with each share carrying four votes. That gave the ESOP 28.1% of the vote overnight.

If it acquires another 900,000 shares and

Continued on page 49

Moves into international

Dart & Kraft hires

By Barry B. Burr

NORTHBROOK, Ill. — In what appears to be less of a restructuring than was expected, Dart & Kraft Inc. shifted about 20% of its $1 billion in pension assets, including moving into international for the first time.

In the process, sources said, Dart & Kraft terminated five equity managers, running a total of $219 million.

In turn, the pension fund hired four other equity managers, including three for international, giving them a total of $112 million. Plus it gave $10 million more to an existing manager.

Dart & Kraft will allocate the roughly $97 million remaining from the dismissed managers among the new and retained managers sometime in the future, rather than hire more managers.

The reshifting appears less ambitious than the major restructuring that William H.S. Preece Jr., director-trust investments, indicated would occur during the past year.

The changes have halted speculation Dart & Kraft would terminate its pension plan, at least for now. It has roughly $400 million in surplus assets on a termination basis. Because of the substantial overfunding, Dart & Kraft hasn't made a contribution to its pension fund since 1981 (*Pensions & Investment Age*, May 14).

In international, Dart & Kraft hired Mellon-Pictet International Management Ltd. and Morgan Grenfell Investment Services Ltd., giving each $25 million. It also gave $10 million to a pooled fund of Vanguard Group Inc., Valley Forge, Pa., managed by Batterymarch Financial Management, Boston.

It was the pension fund's first allocation to Vanguard, although the Valley Forge firm runs a mutual fund for a Dart & Kraft 401(k) tax-sheltered savings plan.

Batterymarch's existing $68 million account for the pension fund is unaffected by the reshifting.

Of the new managers, First Pacific Advisors Inc., Los Angeles, got the biggest allocation, $52 million.

Existing manager Atalanta/Sosnoff Capital Corp., New York, got the smallest allocation, $10 million. It will run a special equity fund.

Continued on page 46

Late news

Mack selects Chase

ALLENTOWN, Pa. — Mack Trucks Inc. reportedly has hired Chase Investors Management Corp., New York, to run $100 million in a quantitatively oriented bond account. Paul McKiel, vice president-trust assets, confirmed a new fixed-income manager was being brought in, but declined to comment further. Late last year, Mack Trucks decided to shift from balanced to specialized management of its more than $300 million in assets.

Sullivan leaves firm

BOSTON — Daniel Sullivan, executive vice president, has left Rollert & Sullivan Inc., a firm he helped found with Gordon Rollert

Continued on page 2

Treasury software

Special section starts on page 11

Salaries of corporate pension executives

Pension assets	Mean salary	Median salary
over $200 million	$89,400	$62,500
$50 million-$200 million	61,800	57,500
under $50 million	70,100	62,500

Salaries of public fund officials

Pension assets	Mean salary	Median salary
over $500 million	$50,400	$45,000
$101 million-$500 million	44,200	45,000
$25 million-$100 million	37,700	35,000
under $25 million	36,800	35,000

Source: Greenwich Research Associates

Salary survey notes disparity

By Rose Darby

GREENWICH, Conn. — Corporate pension executives are paid an average annual salary of $67,000, with an annual bonus of roughly $12,000, a new survey of more than 1,000 such executives shows.

However, another survey with a smaller response showed corporate pension executives in 28 companies had average salaries of $96,000.

The mean salary for the second executive in a pension fund administrative group was $67,986, according to the smaller survey.

The larger survey, conducted by Greenwich Research Associates, a consulting firm, found the mean salary for public pension fund executives was $43,000.

Both surveys showed continuing large salary disparities between corporate and public pension executives. The figures also affirmed the gap between pension executives in general and money managers.

Greenwich Research reported the mean and median salaries paid 1,076 corporate pension executives and 260 public pension administrators, and how they varied with plan size.

A salary survey of 35 company plans, recently conducted by Peat, Marwick, Mitchell & Co., broke out com-

Continued on page 49

State fund set to buy new zeros

By Steve Hemmerick

PHOENIX, Ariz. — The Arizona State Retirement System intends to add $90 million in zero-coupon bonds to its current $360 million portfolio of them, one of the largest such portfolios held by a pension fund.

One version of that bond the retirement system is likely to buy is evolving into a security with remarkably diverse financial characteristics, according to public and private financial experts.

It is the Treasury Department's new version of the zero, called STRIPS, that some experts say will become as liquid as cash in about a year, making it far more liquid than any current version.

Yet the bond will retain the same high volatility as other zero-coupon bonds because it is leveraged, or sold at a high discount, unlike a normal Treasury bond.

The new bond also offers high stability; purchasers can lock in a high rate of return, avoiding the dividend reinvestment risk associated with a normal bond. The zero-coupon bond has no dividends to reinvest.

Depending on the need and the point of view, the new bond will offer high liquidity, high volatility and great stability of yield, the experts say.

"Some people are as yet unaware of the revolutionary aspects," of the bond, said John J. Niehencke, deputy assistant secretary for federal finance at the Treasury Department.

The evolution or revolution began in February, when the Treasury began unbundling Treasury bonds from their component parts (STRIPS means separate trading of registered interest and principal of securities).

There are two reasons the bond will become as liquid as cash, a step up from being no more liquid than corporate bonds, and welcomed by potential buyers and sellers, he said.

• It is the Treasury that is offer-

Continued on page 48

Phillips Petroleum's Okarche, Okla., extraction plant.

Texas fund goes against pension tide, backs Phillips

By Barry B. Burr

All but one pension fund interviewed lined up against Phillips Petroleum Co., voting their stock to oppose its recapitalization plan.

The Teacher Retirement System of Texas voted its almost 1 million shares with Phillips' management. It isn't holding onto all its stock, though, acknowledging it has "taken a nice profit out," selling some 600,000 shares of its initial 1.2 million since the quest for Phillips last December.

It appeared, however, most pension funds were voting against Phillips. Some pension funds, in fact, are participating in a package of loan agreements to help Carl C. Icahn, New York financier, acquire the company.

The New Jersey State Division of Investment, Wisconsin State Investment Board, New York City pension funds, Connecticut State Trust Funds and Los Angeles Fire & Police Pension System, among others, voted their shares against Phillips, according to interviews.

Whatever the outcome of the voting, the pension funds and others, including Irwin L. Jacobs, a

Continued on page 46

Fund is independent, not state agency

Court supports N.H. system

By Trudy Ring

CONCORD, N.H. — The $576 million New Hampshire Retirement System is an independent trust, not an agency of state government, the state Supreme Court has ruled.

The decision could set a precedent on the autonomy of public employee retirement systems, which face increasing political pressure concerning the use of their assets.

"I think that's really the main significance of it," said Alan Cleveland, attorney for the system.

The court handed down the decision Feb. 15 in response to a request made by the retirement system in August 1983. The fund sought affirmation of its independence after the state's five-member Governor's Council asserted the council had the right to approve or disapprove most contracts with investment advisers, consultants and actuaries.

The New Hampshire attorney general had upheld the council's claim that the pension fund was an arm of the state executive branch and, as such, had to submit contracts of more than $500 for council approval.

The retirement system sought a judgment on the matter from the state Superior Court, which transferred two questions of law to the Supreme Court. The Supreme Court instructed the lower court to issue an order consistent with the Feb. 15 opinion.

The questions of law were whether the system is an agency or department within the executive branch of state government and, if it is, whether it must submit contracts to the governor and council for approval.

"We answer the first question by concluding that the system is an incorporated pension trust that is independent of the executive branch and therefore need not submit its personal service contracts to the governor and council for review," Chief Justice John King wrote for the Supreme Court.

The court cited three factors it said show the Legislature intended the system to be an independent entity rather than a department or agency of the state executive branch:

"(F)irst, the language of RSA chapter 100-A (the state law that created the system), establishing the system as an incorporated pension trust under the 'full power' of its board of trustees; second, the fiduciary obligation that the trustees owe the system's members and beneficiaries; and third, the long-standing practice by the system of autonomy in its contractual dealings, which established an administrative gloss on the statute."

Since its establishment in 1967, the system never has submitted contracts for the council's approval. However, in April 1983, the executive secretary's staff, acting on the advice of the attorney general, forwarded two existing contracts to the council.

When the council asked for more information about the contracts, fund trustees told Harry M. Descoteau, executive secretary, to ask for return of the documents.

The attorney general then advised the council of the law requiring state agencies to submit personal services contracts of more than $500 for council approval. The council then demanded to see all of the system's existing contracts.

During a series of meetings with the council, retirement system trustees maintained the system was not a state government agency and that they were obligated to administer it as an incorporated pension trust. They then petitioned for a judgment in Superior Court.

The retirement system was established when New Hampshire's pension funds for police, firefighters, teachers and state employees were combined. The state's contributions represent about 8% of all employer and employee contributions to the fund.

The system has 11 trustees — two state employees, two teachers, two police officers, two firefighters, a bank commissioner and two non-

Continued on page 46

Trip, resignation link denied

NEW YORK — Suzanne D. Jaffe said she had decided to resign as chief investment officer of the $22.8 billion New York State Common Retirement System long before a flap erupted over an Egyptian trip she took.

Ms. Jaffe said she was to announce her resignation March 11, but was asked by State Controller Edward V. Regan to announce it earlier, after published reports revealed her trip to Egypt was financed partly by the principal of a securities firm.

Marvin Nailor, spokesman for Mr. Regan, said the controller's position is, "While there may have been an appearance of (a conflict of interest), one didn't exist. The trip and resignation are coincidental."

Mr. Nailor said Mr. Regan has several candidates for Ms. Jaffe's post, and the announcement should be made soon.

Ms. Jaffe said she and Mr. Regan "had been talking over a few months that I was ready to go back and make some money, to get back into the hands-on scenario I'm familiar with."

She said her annual state salary was $73,000, while she had earned $200,000 to $350,000 per year during her 10 years in investment management.

Ms. Jaffe said the trip "had nothing to do with Wall Street." She said she paid her airfare, but her accommodations were paid by Ann Getty, wife of Getty Oil Co. heir Gordon Getty. Alexander Papamarkou, a principal in the New York securities firm Papamarkou Petra & Co., also financed part of the excursion. Mr. Papamarkou's firm does research for the fund.

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Adviser questionnaires sent

In early May, *Pensions & Investment Age* is publishing its annual directory of investment advisers. Questionnaires for this year's directory have been mailed to more than 1,500 firms. To ensure your firm is profiled, please check with your associates to see if a questionnaire was received.

If your firm was one of the almost 700 profiled in last year's directory, questionnaires were addressed to the client contact listed in your firm's entry.

If a questionnaire has not been received, please call Donna Boscarino at (212) 210-0298.

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Late news

Continued from page 1

in 1979. Mr. Sullivan confirmed his departure, but declined to comment further.

Divestment study

WASHINGTON — Divesting a pension fund of stock in companies with operations in South Africa will hurt investment performance in the long term, according to a study by the Investor Responsibility Research Center Inc. The study found divestment boosts transaction costs and is tougher on large, actively managed portfolios.

Late money movers

• NEW YORK — Colgate-Palmolive Co. is wrapping up a review of its roughly $710 million pension program. Officials there would not comment beyond confirming changes were taking place and that they should be completed in April.

Sources, however, said the company's new stable of managers could number nine, about seven of which would be for equity.

Most, if not all, of Colgate's existing managers are expected to retain their accounts. In addition, at least three new equity managers reportedly have been selected: Lehman Management Co. Inc. and First Manhattan Co., both of New York. Officials at those firms declined comment. Sources also said Colgate's equity managers would be running at least $25 million apiece.

According to the 1985 "Money Market Directory," existing managers are New York's Chase Manhattan Bank, Equitable Life Assurance Society of the United States, Citicorp Investment Management and Forstmann-Leff Associates Inc.; Independence Investment Associates, Boston; and Fayez Sarofim & Co., Houston.

• HYATTSVILLE, Md. — The $103 million Washington Suburban Sanitary Commission retirement fund has hired two bond managers: Delaware Investment Advisers Inc., Philadelphia, for $10 million, and Wilmington Trust Co. of Delaware, for $3 million, said Joseph Carrigan, controller.

• LONG BEACH, Calif. — The $4.6 million Long Beach Community Hospital pension fund has hired Winrich Capital Management Inc., Lake Forest, Calif., as its sole manager, dropping Argus Investment Management Inc., Newport Beach, Calif., according to Melayne Yocum, vice president-finance for the hospital.

• NEW HAVEN, Conn. — Armstrong Rubber Co. has made its first move into equity real estate by placing $4.25 million into Phoenix Mutual Life Insurance Co.'s $66 million open-end pooled fund.

The investment is shared by Armstrong's retirement and pension plans, totaling $120 million.

• CHARLESTON, W. Va. — The West Virginia treasurer's office wants to bring the state's $570 million public employee retirement system in-house, dropping Loomis, Sayles & Co. of Boston, the fund's sole manager, for performance reasons. The state auditor opposes dismissal.

Personnel news

• HOUSTON — Eugene C. Hammons, vice president and regional director of William M. Mercer-Meidinger Inc. pension consultants, has resigned to become vice president in charge of the Dallas office of MH Investment Counsel Inc.

• CONCORD, Mass. — Charles Thomas, Loomis, Sayles & Co.'s chief marketer, has left the Boston-based money manager to set up a sales and marketing consulting firm for investment managers, Concord Management Co. Replacing Mr. Thomas as director of marketing is Dougal Thomas, formerly vice president of Loomis' capital growth management group.

• CHARLOTTE, N.C. — Robert B. Yerby, one of the founders of Daniel Breen & Co., Houston, has joined NCNB National Bank as senior vice president in charge of equity portfolio management.

PIPER

The statistical data is extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

New paths taken for special equity

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By Trudy Ring

What worked well for special equity funds in the past several years didn't necessarily work well in 1984.

Funds with an emphasis on small growth stocks generally did poorly in 1984, but their returns for longer periods were good, according to the Pensions & Investments' Performance Evaluation Report on pooled special equity funds of banks and insurance companies.

Those with the best returns for the year had a variety of specialized approaches.

The $8.5 million select equity fund run by RepublicBank Dallas was the best performer of 1984, with a return of 18.5%. The benchmark Standard & Poor's 500 stock index returned 6.3%.

Fund officials try to be stock pickers, said Charles Gaecke, vice president and trust officer. They generally prefer companies with significant management ownership, good fundamentals and a good outlook for at least the next year.

Another requirement for investment is direct contact with the company's top management. "We want to know what the chairman is thinking," Mr. Gaecke said.

The fund, established in 1983, is not particularly diversified. It holds stocks in just nine companies — **Orion Pictures, Louis Galoob & Co., Fur Vaults, Wheeling-Pittsburgh Steel Corp., Ampco-Pittsburgh Corp., Gulfstream Aerospace Corp., American Bankers Insurance Group, Whitehall Corp.** and **American Carriers.**

Mr. Gaecke said he sees a stock picker's market in 1985. The market will be led by multiple expansion more than earnings growth, he said.

A fund specializing in real estate stocks had the second best return for 1984 and the best compound annual return for the past three years.

The real estate stock fund of Citicorp Investment Management had a 17.3% return for the year and 29.1% for the three years. It was established in 1980.

The fund's charter allows it to invest in companies that own or manage real estate or provide essential services to the real estate industry, said Anne Mengden, vice president of the firm.

In 1982 and 1983, the fund had significant holdings in home-building company stocks, which responded favorably when interest rates declined, Ms. Mengden said.

In early 1984, it shifted toward companies that own real estate. These include many real estate investment trusts, which provided good yields and dividend growth in a difficult market, she said.

Some of the fund's current holdings are **The Rouse Co., First Union Real Estate, BankAmerica Realty** and **Federal Realty.**

Ms. Mengden said she expects the fund to continue heavily in REITs in 1985. She does not expect major upheavals in the stock market.

She declined to disclose the total amount in the fund.

Some funds whose long-term performance was excellent had the bottom fall out in 1984.

The $28 million supplemental equity fund run by California First Capital Management, La Jolla, ranked first in the five-year period, with a compound annual return of 29.3%. During this period, the S&P 500 returned 14.9%.

The fund also outperformed the S&P 500 for three years, with a compound annual return of 18.3% compared with 16.6% for the index, and 10 years, with 22.1% compared with 14.9%.

Continued on page 43

Dollar's role strong in 4th-quarter data

By Rose Darby.

NEW YORK — The U.S. dollar's continued march forward held sway over investment results for the international commingled equity and fixed-income funds leading the Pensions & Investments' Performance Evaluation Report for the final quarter of 1984.

Indeed, of the 30-fund universe, those that tempered currency risk distribution with careful issue selection — in terms of maturity for fixed-income funds and geographic stock picking for equity funds — emerged nearest the top.

The First National Bank of Chicago's $20 million international fixed-income fund led all others for the fourth quarter, with a time-weighted total return of 7.3%.

"We correctly forecast that U.S. dollar interest rates would decline, and structured the portfolio so it would have an above-average sensitivity to changes in interest rates," said Richard Carr, managing director-international investments for First Chicago Investment Advisors, which oversees the fund.

"We thus benefited enormously from this decline in interest rates," he said.

The fund, composed primarily of Eurodollar and yankee bonds, had an average maturity of 9.1 years, he said.

Mr. Carr pointed to the dollar's strength as the one variable that made up for any losses that might have been incurred in the quarter and the year.

"In comparing us with other international funds, we suffered no currency loss because our fund's investments are dollar denominated," he said.

The fund is invested in very high-quality bonds, government-backed or government agency issues, he explained.

Specifically, European Investment Bank, Government of Denmark, European Economic Community and Asian Development Bank bonds were included in that group, he said.

At year end, roughly 77% of the total portfolio was in Standard & Poor's-rated triple-A issues, 23% in double-A and 11% in corporate bonds.

Capital International's Europe Australia Far East Index for the fourth quarter of 1984 had a 5.1% time-weighted total return, which put the index in fourth place for the period.

Continued on page 44

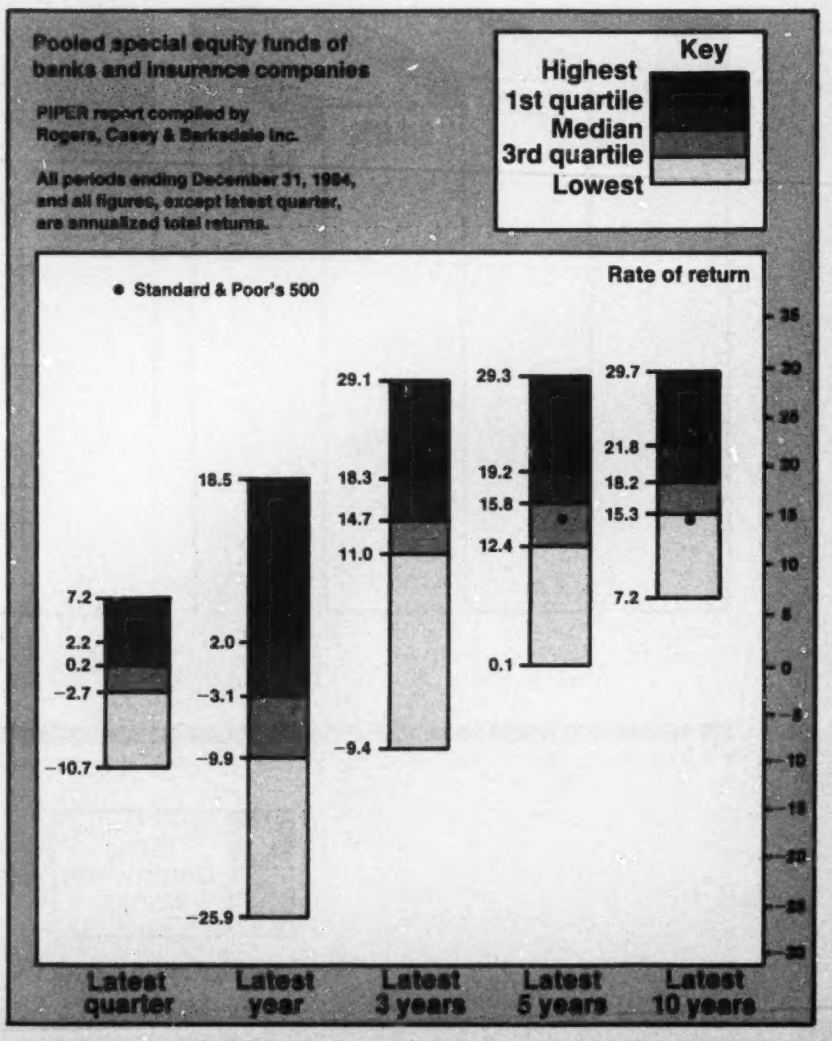
Top commingled special equity funds

3-month returns

	%
First of Neenah, Wis.	7.2
Provident National, Pa.	5.9
First Trust St. Paul	5.2
MBank, Austin, Texas	4.4
Prudential, N.J.	4.4
Summit Trust, N.J.	4.2
Old Second Natl., Ill.	4.2
Shawmut Bank, Mass.	4.1
Mutual of New York	3.8
First of Boston, Mass.	3.8
Trust Co. of the West	3.7
Citibank (R.E. stock), N.Y.	3.6
Citibank (special), N.Y.	3.0
Fidelity Mgmt. Trust, Mass.	2.9
Merchants National, Ind.	2.8
Pittsburgh Natl., Pa.	2.8
First of Maryland	2.7
National Bank of Detroit	2.6
First National of Tulsa	2.6
First of Chicago	2.3
Bank of New York	2.3
Manufacturers Hanover, N.Y.	2.2
First of Neenah, Wis.	2.2
Wachovia Bank, N.C.	2.2
CIGNA Corp., Conn.	2.0
Oregon Bank	2.0
Standard & Poor's 500	1.9
Sentry Life, Wis.	1.7
Seafirst Bank, Wash.	1.5
First of Minneapolis, Minn.	1.3
Trust Co. of Georgia	1.2
MBank, Fort Worth, Texas	1.2
Texas American Bank	1.1
Bankers Trust, N.Y.	1.0
Chase Manhattan, N.Y.	1.0
Chase Manhattan (spec.), N.Y.	0.9
United Virginia Bank	0.9
Maryland National	0.8
Central National, Cleveland	0.7
Valencia Bank, Calif.	0.7
AmeriTrust, Ohio	0.6
Manufacturers Hanover, N.Y.	0.5
Trust Co. of Georgia	0.5
Bank of New York	0.5
Bank of America, Calif.	0.4
Mellon Bank, Pa.	0.4
First Wisconsin Trust	0.3
Sovran Bank, Va.	0.3
Manufacturers Detroit	0.2

1-year returns

	%
Republic National, Dallas	18.5
Citibank, N.Y.	17.3
MBank, Fort Worth, Texas	13.5
Prudential, N.J.	12.1
First of Neenah, Wis.	11.6
First of Boston, Mass.	10.3
Mutual of New York	8.9
MBank Austin, Texas	8.6
Provident National, Pa.	7.7
Valencia Bank, Calif.	7.7
Standard & Poor's 500	6.3
Shawmut Bank, Mass.	6.2
United Virginia Bank	5.4
Merchants National, Ind.	5.0
First Trust St. Paul	4.6
Manufacturers Hanover, N.Y.	4.5
National Bank of Detroit	3.6
Metropolitan Life, N.Y.	3.4
Pittsburgh National, Pa.	3.3
First of Neenah, Wis.	3.2
Fidelity Mgmt. Trust, Mass.	3.0
Old Second National, Ill.	2.2
Sovran Bank, Va.	2.1
American Fletcher, Ind.	2.0
Wachovia Bank, N.C.	2.0
Bank of New York	2.0
Trust Co. of Georgia	1.3
Manufacturers Detroit	1.3
Oregon Bank	0.9
First of Maryland	0.9
Chase Manhattan, N.Y.	0.8
First of Minneapolis	0.7
First of Chicago	0.2
Chase Manhattan (int. cap.), N.Y.	0.2
Chase Manhattan (val. eq.), N.Y.	0.2
Trust Co. of Georgia	−0.5
Sentry Life, Wis.	−0.6
Manufacturers Hanover, N.Y.	−0.7
Mellon Bank, Pa.	−0.7
Wachovia Bank, N.C.	−0.8
Central Natl., Cleveland	−0.8
Mid-State Bancorp., Pa.	−0.9
Interfirst Invt. Mgmt. Texas	−1.3
Citibank, N.Y.	−2.1
Trust Co. of the West	−2.2
Natl. Bank of Commerce, Tenn.	−2.3
Prudential, N.J.	−2.5
Morgan Guaranty, N.Y.	−3.1



3-year returns

	%
Citibank, N.Y.	29.1
Security Pacific, Calif.	27.4
Provident National, Pa.	26.4
Wachovia Bank, N.C.	23.4
National City, Cleveland	21.8
Chase Manhattan, N.Y.	21.8
National Bank of Detroit	21.0
First of Boston, Mass.	20.8
First Trust St. Paul	20.6
Prudential, N.J.	20.4
Central National Cleveland	20.3
Manufacturers Hanover, N.Y.	19.9
First of Maryland	19.3
Connecticut Bank & Trust	19.2
Connecticut National Bank	19.2
Chase Manhattan, N.Y.	19.0
First of Chicago	18.9
American Security, D.C.	18.5
Mutual of New York	18.3
California First Bank	18.3
First Pennsylvania Bank	18.1
United Virginia Bank	17.8
Chase Manhattan, N.Y.	17.6
MTrust, Texas	17.5
Citibank, N.Y.	17.4
Prudential, N.J.	17.1
Bank of New York	17.0
Morgan Guaranty, N.Y.	16.6
Standard & Poor's 500	**16.6**
Bankers Trust, N.Y.	16.5
Oregon Bank	16.5
Citibank, N.Y.	16.4
Equitable Life, N.Y.	16.0
Merchants National, Ala.	15.7
Merchants National, Ind.	15.4
Bank of America, Calif.	15.3
Interfirst Invt. Mgmt., Texas	15.2
MBank, Fort Worth, Texas	15.0
Metropolitan Life, N.Y.	14.8
Bank One, Ohio	14.8
Trust Co. of Georgia	14.7
Bank of New York	14.7

5-year returns

	%
California First Bank	29.3
MTrust, Texas	24.9
Provident National, Pa.	24.9
Merchants National, Ala.	22.4
First of Maryland	21.4
Chase Manhattan, N.Y.	20.9
Interfirst Invt. Mgmt. Texas	20.7
Bankers Trust, N.Y.	20.5
Chase Manhattan, N.Y.	20.4
Northern Trust, Ill.	20.2
Bank of America, Calif.	20.2
First of Chicago	19.5
Continental Illinois	19.4
Northern Central, Pa.	19.4
Connecticut Bank & Trust	19.0
Citibank, N.Y.	18.7
Prudential, N.J.	18.6
First Trust St. Paul	18.3
First Pennsylvania Bank	17.8
Citibank, N.Y.	17.8
Bank One, Ohio	17.7
National City Cleveland	17.7
First Interstate of Nevada	17.7
Chase Manhattan, N.Y.	17.4
Equitable Life, N.Y.	17.2
United Virginia Bank	17.2
Metropolitan Life, N.Y.	16.3
Mutual of New York	15.8
First Wisconsin Trust	15.8
Standard & Poor's 500	**14.9**

10-year returns

	%
MTrust, Texas	29.7
Equitable Bank, Md.	26.7
Chase Manhattan, N.Y.	25.2
Bankers Trust, N.Y.	24.1
Provident National, Pa.	23.6
Citibank, N.Y.	23.6
First of Maryland	23.4
California First Bank	22.1
Bank of America, Calif.	21.9
Connecticut Bank & Trust	21.6
Interfirst Invt. Mgmt. Texas	21.6
Morgan Guaranty, N.Y.	21.4
Equitable Life, N.Y.	21.3
National City Cleveland	20.3
Manufacturers Hanover, N.Y.	20.1
AmeriTrust, Ohio	19.5
Republic National, Dallas	18.9
Citibank, N.Y.	18.3
Standard & Poor's 500	**14.9**

Commingled international funds

3-month returns

	%
First of Chicago	7.3
Prudential (Global bond), N.J.	5.8
American National, Chicago	5.3
EAFE	**5.1**
Prudential (Foreign stock), N.J.	3.8
State Street Bank, Boston	3.8
Morgan Guaranty, N.Y.	3.0
Aetna Montagu, Conn.	2.8
Crocker National, Calif.	2.5
Prudential (Foreign bond), N.J.	2.3

1-year returns

	%
First of Chicago	16.5
Prudential (Global bond), N.J.	12.0
State Street Bank, Boston	9.8
Crocker National, Calif.	9.2
American National, Chicago	8.3
EAFE	**7.9**
Morgan Guaranty, N.Y.	2.3
Bankers Trust, N.Y.	1.1
Prudential (Foreign bond), N.J.	0.9
First of Chicago (Intl. eq.)	0.6

3-year returns

	%
First of Chicago	20.2
IDS Trust, Minn.	15.3
State Street Bank, Boston	11.3
Bankers Trust, N.Y.	10.3
EAFE	**10.1**
American National, Chicago	9.4
US Trust, N.Y.	8.8
First of Chicago	7.7
Morgan Guaranty (Intl. eq.), N.Y.	7.3
Morgan Guaranty (Intl. bond), N.Y.	7.0

5-year returns

	%
US Trust, N.Y.	15.0
EAFE	**10.4**
American National, Chicago	10.5
Citibank, N.Y.	9.3
Morgan Guaranty, N.Y.	9.2

10-year returns

	%
Morgan Guaranty, N.Y.	16.0
US Trust, N.Y.	15.4
EAFE	**14.8**
First of Chicago	12.4

Returns for several insurers in the Pensions & Investments' Performance Evaluation Report were reported incorrectly Feb. 18. Below are the corrected equity and fixed-income data.

Commingled equity funds

1-year returns

	%
Aetna Life & Casualty, Conn.	4.0
Bankers Life, Iowa	−0.1
Connecticut Mutual Life	4.8
Crown Life, Ontario	2.2
First Variable Life, Ark.	−3.3
General American, Mo.	−1.9
Great West Life Assurance	5.0
Guardian Insurance, N.Y.	12.7
Lincoln Natl. Pens., Ind.	0.9
Manufacturers Life, Ontario	2.2
Massachusette Mutual	5.7
Metropolitan Life, N.Y.	5.3
Minnesota Mutual	2.1
Mutual of New York	1.0
New England Mutual	−1.5
New England Mutual (Sep. cap)	−3.2
Pacific Mutual, Calif.	−6.7
Phoenix Mutual, Conn.	9.9
Travelers, Conn.	1.8

3-year returns

	%
Aetna Life & Casualty, Conn.	17.3
Bankers Life, Iowa	16.5
Connecticut Mutual Life	24.1
Crown Life, Ontario	11.5
First Variable Life, Ark.	26.7
General American, Mo.	10.4
Great West Life Assurance	14.4
Guardian Insurance, N.Y.	22.0
Lincoln Natl. Pens., Ind.	13.9
Manufacturers Life, Ontario	32.9
Massachusetts Mutual	18.4
Metropolitan Life, N.Y.	14.2
Minnesota Mutual	20.5
Mutual of New York	14.6
New England Mutual	17.1
New England Mutual (Sep.)	21.3
Pacific Mutual, Calif.	6.2
Phoenix Mutual, Conn.	14.1
Travelers, Conn.	10.6

5-year returns

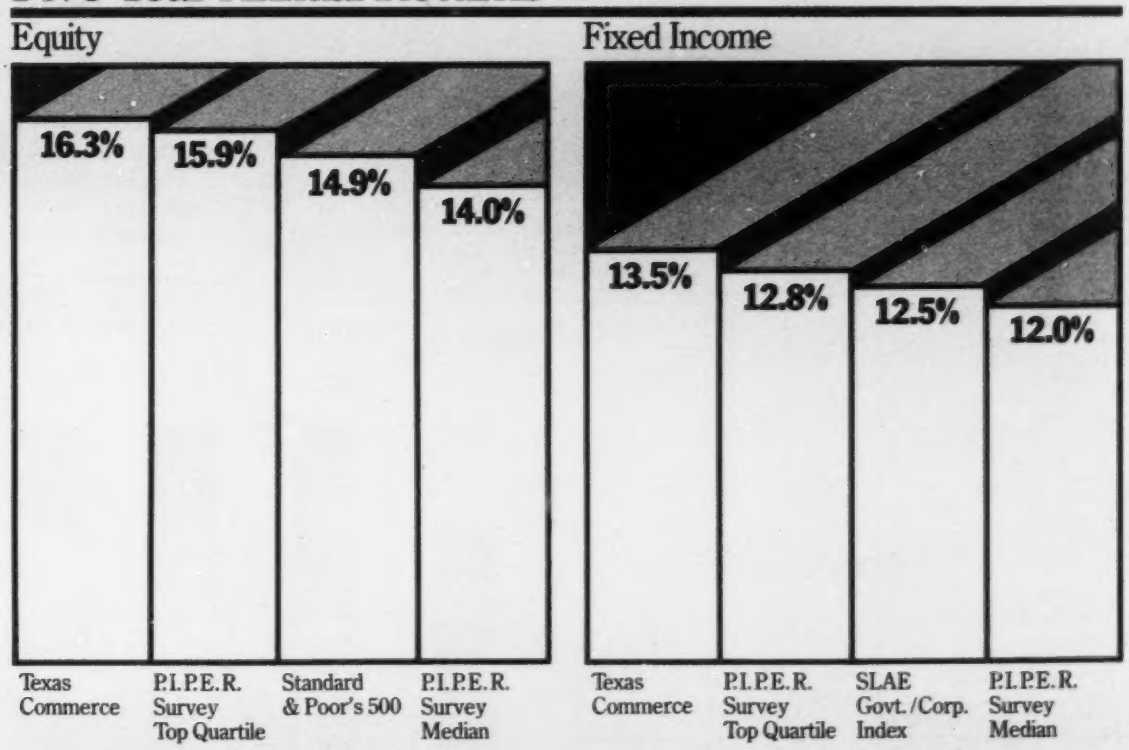
	%
Aetna Life & Casualty, Conn.	17.2
Bankers [illegible]	15.6
Connecticut Mutual [illegible]	18.9
Crown Life, Ontario	10.2

Texas Commerce Trust Investment Performance:

Compare the results.

Five Year Annual Returns

(Period Ended December 31, 1984)



Call Russ Schulze, Institutional Trust Group, at (713) 236-5788 for more information.

Texas Commerce Banks

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Members FDIC

First Variable Life, Ark.	20.3
General American, Mo.	11.0
Great West Life Assurance	13.4
Guardian Insurance, N.Y.	18.5
Lincoln Natl. Pens., Ind.	(1)
Manufacturers Life, Ontario	29.2
Massachusetts Mutual	18.2
Metropolitan Life, N.Y.	13.4
Minnesota Mutual	16.7
Mutual of New York	12.1
New England Mutual	14.9
New England Mutual (Sep.)	19.9
Pacific Mutual, Calif.	10.4
Phoenix Mutual, Conn.	15.9
Travelers, Conn.	12.8

10-year returns

	%
Aetna Life & Casualty, Conn.	17.7
Bankers Life, Iowa	19.9
Connecticut Mutual Life	14.5
Crown Life, Ontario	14.3
First Variable Life, Ark.	22.0
General American, Mo.	(1)
Great West Life Assurance	11.4
Guardian Insurance, N.Y.	22.8
Lincoln Natl. Pens., Ind.	(1)
Manufacturers Life, Ontario	27.1
Massachusetts Mutual	17.0
Metropolitan Life, N.Y.	11.3
Minnesota Mutual	15.8
Mutual of New York	11.7
New England Mutual	13.5
New England Mutual (Sep.)	16.1
Pacific Mutual, Calif.	12.9
Phoenix Mutual, Conn.	15.0
Travelers, Conn.	13.5

(1) Fund too new.

Commingled fixed income funds

1-year returns

	%
Aetna Life & Casualty, Conn.	13.2
Crown Life, Ontario	10.7
General American (Sep. acct. 8)	12.3
General American (Sep. acct. 9)	14.1
Lincoln Natl. Pens., Ind.	14.1
Manufacturers Life, Ontario	13.8
Massachusetts Mutual	12.6
Minnesota Mutual	13.6
Mutual of New York (Priv.)	16.3
Mutual of New York (Pub.)	15.2
New England Mutual, Mass.	11.7
Pacific Mutual, Calif.	15.6
Travelers, Conn.	15.4

3-year returns

	%
Aetna Life & Casualty, Conn.	16.0
Crown Life, Ontario	15.1
General American (Sep. acct. 8)	15.1
General American (Sep. acct. 9)	(1)
Lincoln Natl. Pens., Ind.	17.3
Manufacturers Life, Ontario	12.1
Massachusetts Mutual	16.4
Minnesota Mutual	17.0
Mutual of New York (Priv.)	20.2
Mutual of New York (Pub.)	19.5
New England Mutual, Mass.	16.1
Pacific Mutual, Calif.	19.3
Travelers, Conn.	15.9

5-year returns

	%
Aetna Life & Casualty, Conn.	(1)
Crown Life, Ontario	10.7
General American (Sep. acct. 8)	(1)
General American (Sep. acct. 9)	(1)
Lincoln Natl. Pens., Ind.	(1)
Manufacturers Life, Ontario	8.5
Massachusetts Mutual	11.6
Minnesota Mutual	11.7
Mutual of New York (Priv.)	12.5
Mutual of New York (Pub.)	13.0
New England Mutual, Mass.	10.0
Pacific Mutual, Calif.	13.7
Travelers, Conn.	10.9

10-year returns

	%
Aetna Life & Casualty, Conn.	(1)
Crown Life, Ontario	8.6
General American (Sep. acct. 8)	(1)
General American (Sep. acct. 9)	(1)
Lincoln Natl. Pens., Ind.	(1)
Manufacturers Life, Ontario	(1)
Massachusetts Mutual	9.4
Minnesota Mutual	(1)
Mutual of New York (Priv.)	(1)
Mutual of New York (Pub.)	(1)
New England Mutual, Mass.	8.5
Pacific Mutual, Calif.	12.5
Travelers, Conn.	(1)

(1) Fund too new.

Klemm, Black join Warburg

NEW YORK — Richard Klemm, formerly vice president-pension fund management at GTE Corp., will join Warburg Pincus Counsellors as director of marketing.

Also, Susan Black, formerly a partner at Century Capital Associates, has been hired as vice president, portfolio manager and analyst.

Warburg hired the two in an effort to heighten its presence as a money manager, for both institutions and high-net-worth individuals, said Edwin LeGard, managing director and executive vice president.

The firm manages roughly $1 billion in tax-exempt accounts plus an equal amount for private individuals, he explained. ■

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Special equity funds take . . .

Continued from page 41

However, the fund finished near the bottom of the survey for 1984, with a return of -21.2%.

The fund's emphasis is on stocks in small but growing companies. Prices of these stocks dropped last year, even though some came through with better earnings than expected, said Ken McCain, vice president and portfolio manager. The management company is a spinoff of California First Bank, San Diego. 1984 was the fund's first down year, but it will stay with its investment strategy, which has been consistent for the past several years, he said.

"Eventually, people pay for growth," he said.

Some of the stocks the company holds are **The Price Companies, Optical Radiation** and **General Motors E**. It also has stocks in several companies in the computer-aided engineering industry.

The fund is 60% to 70% in technology stocks because those stocks have the growth potential desired by fund management, Mr. McCain said.

He looks for companies that can grow 25% to 30% in two or three years. He also looks for those with market capitalization of less than $200 million, but will buy those above that mark if they're priced attractively. "We don't exclude companies just based upon their size," Mr. McCain said.

The fund made a good move in the early 1980s by selling oil stocks before they went down, Mr. McCain said. Those stocks were dropped because fund management couldn't understand why their valuation levels were so high, he said.

"We try to make as much money as we can and avoid the disasters," he said.

Another fund whose performance plummeted in 1984 was Pacific Century Group's $12 million Growth Fund G. Pacific Century Group is a subsidiary of Security Pacific Bank, Los Angeles.

The fund had the second best compound annual return for the past three years, 27.4%. In 1984, however, its return was -24.2%, putting it near the bottom of the PIPER universe.

The fund emphasizes companies that have rapid earnings growth and are in strong market sectors, said William Duncan, vice president and senior portfolio manager. "Last year was a tough market for emerging, over-the-counter types of stocks, so we had the same problems," he said.

Mr. Duncan said he looks for good results in growth stocks in 1985. The market has been discounting the potential for a slowdown in the economy, while interest rates probably will continue to decline, he said.

Some of the stocks held by the fund are **Continuum, Mayflower Corp., Software AG** and **American Family Corp.** The fund usually stays fully invested, Mr. Duncan said.

Not being fully invested helped another fund avoid the worst of 1984 after having excellent performance for all other periods in the PIPER survey.

The $7 million special equity fund run by Provident Capital Management, a subsidiary of Provident National Bank, Philadelphia, was the third best performer for the three- and five-year periods, with compound annual returns of 26.4% and 24.9% respectively. It was fifth for the 10-year period, with a return of 23.6%.

In 1984 its return dropped to 7.7% placing it ninth, but it still outperformed the S&P 500.

"As of year-end 1983, we became concerned about some of the smaller capitalization stocks and the fact that they looked somewhat precarious," said W. Anthony Hitschler, president of the capital management firm.

Fund officials responded by putting 85% of the holdings in cash, he said.

In the middle of 1984, the fund returned to small-cap stocks with low price-earnings ratios. It now is between 75% and 80% reinvested, Mr. Hitschler said.

The fund has a large position in **Irving Bank**, New York, and also has stocks in several regional banks and three furniture companies.

"The idea was to expose ourselves to the interest rate-sensitive area of the market," said David Byerly, a Provident Capital vice president. Also, those stocks met the fund's small-cap and low P/E criteria.

The fund has been going into some aerospace and electronics stocks, while technology stocks are beginning to look more attractive.

"As things present themselves, we take a swipe at them," Mr. Byerly said.

For 1984, besides the Republic-Bank and Citicorp funds, top performers were the total return equity fund of MBank Fort Worth, Texas, third with 13.5%; the Priform fund of Prudential Asset Management Co., Newark, N.J., fourth with 12.1%; and the equity income fund of First National Bank of Neenah, Wis., fifth with 11.6%.

In the fourth quarter, the top five performers were the equity income fund of First National Bank of Neenah, Wis., with 7.2%; Provident Capital's special equity fund, with 5.5%; the special equity fund of First Trust Co. of St. Paul, Minn., with 4.4%; and the Keogh equity fund of MBank Austin, Texas, and Prudential's Priform fund, both with 4.4%. The S&P 500 returned 1.9% for the quarter.

Besides Citicorp, Pacific Century and Provident Capital, the best three-year performers were Wachovia Bank & Trust Co., Winston-Salem, N.C., fourth with 23.4%, and National City Bank of Cleveland, fifth with 21.8%.

The best five-year performers, after California First, were MTrust, Houston, with 24.9%; Provident Capital; Merchants National Bank of Mobile, Ala., fourth with 22.4%; and First National Bank of Maryland, Baltimore, fifth with 21.4%.

The top 10-year returns were posted by MTrust, 29.7%; Equitable Bank, Baltimore, 26.7%; The Chase Manhattan Bank, New York, 25.2%; Bankers Trust Co., New York, 24.1%; and Provident Capital. ■

Dollar has strong role in . . .

Continued from page 41

For the full year, FNB Chicago again ranked first, with a time-weighted total return of 16.5%.

In second place was Prudential Life Insurance Co. of America's global bond fund, with 12%.

That $57 million fund is managed actively in terms of both maturity and currency distribution, said Barry Gillman, managing director of Prudential Capital Management International, the division that oversees international investment for the firm.

The global fund's U.S. dollar exposure ranges from 25% to 75% at any given time, he said.

"One reason for good performance in 1984 was that investment decisions for most of the year kept us at the top of that range," Mr. Gillman said.

Average duration for the fund during the past year was 5.3 years, he added.

In third place for the one-year period was a representative international index account from State Street Bank & Trust Co. in Boston, with a time-weighted total return of 9.8%.

State Street manages $450 million in separate and commingled international accounts, said David Umstead, vice president and head of the international department.

"The reason we've done well is that we have a low transaction cost because we're not doing much trading," he explained. "And, with an index fund, we're not under- or overexposed in any individual country markets."

The EAFE came in at 7.9% for the year.

For three years, First of Chicago's international dollar fixed fund led the pack again, with a 20.2% time-weighted total return.

IDS Trust's international collective fund was second for the three-year period, with a 15.3% return. State Street Bank's international index fund was third, with 11.3%.

The EAFE for the three years stood at 10.1%, ranking fifth.

For the five years ended Dec. 31, 1984, U.S. Trust Co. of New York's international pooled fund, with a 15% compound annual time-weighted total return, was the premier performer.

That roughly $11 million equity fund is managed by Foreign & Colonial Asset Management in London, which does all the international investing for U.S. Trust.

One of two value-based judgments is used during the equity selection process, depending on the particular country involved, explained John K. Holland, vice president of U.S. Trust.

"We are top-down/bottom-up in those markets that are less liquid but where opportunities exist," he said. "In other markets which are more mature and broad-based, such as Japan or the United Kingdom, we use a bottom-up emphasis.

"This has traditionally proven to be the most successful approach over the long term," he said.

Second for the five years was the EAFE, with a 10.4% time-weighted total return.

Running neck-and-neck with the index was the international equity fund of American National Bank in Chicago with 10.4%.

For 10 years, Morgan Guaranty Trust Co. in New York was the leader, with a 16% time-weighted total return on its international equity fund.

U.S. Trust was second with 15.4%, and the EAFE placed third with 14.8%.

In this survey, equity and fixed-income commingled funds are compared directly because so few exist; the universe of international funds is small but growing.

Rogers, Casey & Barksdale Inc. of Stamford, Conn., compiles the statistics for PIPER. ■

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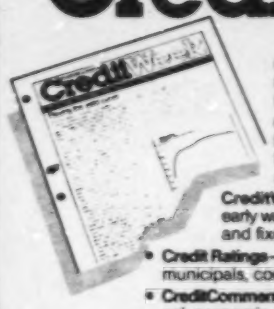

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National Can . . .

Continued from page 1

the company removes its 4.5 million-share portion of the tender offer from the outstanding stock, the ESOP will have 50.1%.

National Can said that if two major shareholders, NVF and Teledyne Inc., do not tender any shares or otherwise decrease their holdings by at least 378,316 shares by selling to people who subsequently tender them, the minimum condition of the offer cannot be met, even if all other shares are tendered.

Under those conditions, the company and ESOP would not be obligated to buy any shares.

National Can officials have said they understand Teledyne intends to tender all or most of its shares, subject to review of the tender offer, but they don't know NVF's intentions.

Because of their stock ownership, NVF is and Teledyne might be an "interested party," National Can said. As such, their shares are not eligible for purchase by the ESOP.

NVF owns more than 3.6 million shares, about 36% of National Can's outstanding stock, and represents 26.2% of the voting power of the outstanding stock. On a fully diluted basis, NVF has about 35.5% of the shares and 25.5% of the voting power.

Teledyne, through various subsidiaries, owns 1.28 million shares, or 13.4% of outstanding stock, and represents 9.2% of voting power. On a fully diluted basis, it has about 12.5% of the shares and 9% of the voting power.

The deal will cost National Can $216 million. ESOP experts had several things to say about the offer.

Issuing preferred stock to an ESOP with four votes per share is "unique," according to Corey Rosen, an associate at the National Center for Employee Ownership. "That breaks new ground."

Many companies are using ESOPs to fight takeovers, but a recent decision in the 2nd Circuit Court of Appeals in New York held the establishment of an ESOP in the heat of a takeover was a violation of the business judgment rule. Under that rule, the courts won't second-guess corporate director decisions unless there is a conflict of interest, noted Greg Brown, an ESOP expert and partner in the Chicago law firm of Keck, Mahin & Cate.

"If (Mr. Posner) challenges this, I'd expect him to use something along those lines," Mr. Brown said.

The attraction of using an ESOP in a takeover battle increased tremendously last summer with the passage of the Deficit Reduction Act of 1984, which created several additional tax advantages to encourage formation of ESOPs.

Under the new law, lenders can offer below-prime financing because they can exclude from taxes 50% of the interest income on loans used to buy securities for an ESOP. Also, a company can take a deduction on cash dividends paid on ESOP-owned securities if passed through to plan participants, which lowers corporate taxes and makes the ESOP more attractive to employees.

Another feature of National Can's ESOP is the selection of prestigious, well-known figures in the Chicago business community, rather than National Can executives, to serve as trustees.

They are Chemetron Corp. Chairman John Gallagher, now a senior lecturer at the University of Chicago Graduate School of Business; Donald Haider, professor of management at the J.L. Kellogg Graduate School of Management at Northwestern University; and Jayne Thompson, wife of Gov. James Thompson and director of development and house counsel of the National College of Education.

The trustees will vote all of the newly issued preferred stock and all common stock bought through the tender offer in accordance with the instructions of employee participants, National Can said.

The selection of the three as trustees is seen as an attempt to negate conflict-of-interest questions about the use of an employee benefit plan to fight a potential takeover. "That's real astute, real shrewd," said Mr. Brown. "They know they're in for criticism."

If the tender offer succeeds, analysts don't expect the near-doubling of the firm's debt will create any serious problems.

"Nobody likes to have this much debt, but they have the cash flow to handle it," said Arthur Stupay, senior vice-president at Cleveland's Prescott, Ball & Turben. But the company will have less ability "to make acquisitions, expand agressively. There will be less room for mistakes," he noted. ■

Pension fund salaries . . .

Continued from page 1

parable salary levels for the different functions involved in administering the average corporate pension plan.

While 18% of pension executives are paid more than $80,000, only 8% are making more than $100,000, the Greenwich Research survey showed.

Only 1% of corporate executives receive from $120,000 to $130,000 annually, 1% are in the $130,000 to $140,000 category and 2% receive more than $150,000.

In terms of plan asset size, corporate pension executives running funds of more than $200 million received an average salary of about $70,000 annually with a $12,000 bonus. Plans of $50 million to $200 million paid the average pension administrator roughly $62,000 and a bonus of $11,000.

Executives managing plans of $50 million or less received the highest levels of any surveyed, or $71,000 annually with bonuses of about $14,000, according to the Greenwich survey.

As expected, public fund officials were paid roughly $24,000 a year less than their corporate counterparts, said the Greenwich report.

The mean public pension administrator's salary was about $44,000. Bonuses were a factor in only 5% of the public fund interviews conducted by Greenwich Research.

Thirteen percent of public fund executives make less than $30,000 annually and 9% of them bring home more than $60,000 a year. Only 1% of the total surveyed by Greenwich reported making from $75,001 to $80,000, while none made more than that.

Public fund executives making the highest mean salaries, roughly $51,000, were those from funds totaling more than $500 million in assets. The lowest mean salaries, of $37,000 annually, were paid public executives in charge of funds with less than $25 million in assets, said the Greenwich Research study.

Likewise, the Peat, Marwick survey found "a fair correlation between fund asset size and the pay of the pension fund officer."

"The total compensation of pension fund officers is significantly higher when they report to the chief financial officer than when they are another level removed, regardless of the size of the funds managed," the survey said.

"Location on the organizational chart seems to be more significant than financial responsibility," concluded the Peat, Marwick study.

The median fund in this survey totaled $798 million in assets and the mean totaled $1.27 billion.

Total pay for the top corporate pension fund officer averaged $97,000, while the median was about $68,000, said the Peat, Marwick survey. The pension fund officer in the survey normally was one level below the company's chief financial officer.

Executives who were second in command, under the pension fund officer, were paid on average of roughly $68,000 annually. The median second executive received about $51,000 in total compensation.

Those pension fund officers reporting directly to the chief financial officer who were in the top decile ranking of the survey were paid about $174,000 annually, and those in the bottom decile made a total of about $52,000 a year, said the Peat, Marwick study.

The second corporate fund executive in the top decile received $136,000 a year and those in the lowest decile received $35,000 a year in total compensation, according to the survey.

Many former and current pension executives interviewed professed surprise that salary levels seemed to have crept up in the past few years, but they admit there is still a disheartening gap between how much any pension officer can earn on the buy-side as opposed to his or her sell-side counterpart.

"Salaries are making progress in the right direction," said David Tierney, principal of Richards & Tierney, a consulting firm, in Chicago. Mr. Tierney was administrative manager-investments at Standard Oil Co. (Indiana) before starting his own firm.

"But it isn't clear whether the investment community is overpaid or the pension community is underpaid," he said.

"From the corporate point of view it's difficult, because companies don't make pensions, they make widgets."

While pension executives are likely to press for higher salaries, it is a difficult situation, because in some cases the fund executive does not bear the identical burden of the outside money manager.

"People on the buy side have to understand that maybe compensation will never match that of the sell side because they have the backing of the corporate community," he pointed out.

Many plan officials believe the buck most often stops with the pension fund administrator and that executive compensation levels should be raised because of it. ■

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Chrysler plans diversification move

By Marci Baker

DETROIT — Chrysler Corp., planning to expand its financial services capability in a diversification move, might make an acquisition or launch new services internally this year.

The automaker reportedly considered acquiring some or all of the financial units of ITT Corp., which is pursuing a $1.7 billion divestiture plan, but rejected the idea because the units were too pricey.

Frederick Zuckerman, Chrysler treasurer, declined to comment on the ITT report. He did confirm, however, that the company hopes to diversify in the financial services area this year.

"We've been thinking about doing this for a number of months," to augment the potential of its subsidiary Chrysler Financial Corp., he said.

Until now, the 20-year-old credit subsidiary has focused solely on providing loans to the automobile retail and wholesale market. The auto company, however, could win "substantial tax advantages" by expanding into other areas, Mr. Zuckerman said.

Corporate finance

Chrysler's tax liability was nominal last year, but the situation will change this year.

"Our book taxes will be under 30% of pretax profit," he said, declining to specify the amount.

Another key motivation is that financial services, when well run, can be less cyclical than the company's mainstream auto business and could offset its vulnerability to swings in the economy.

Chrysler's plan to move more heavily into financial services comes as the automaker has launched a five-year, $10.5 billion

Continued on page 52

Late news

PBGC shifts stance

WASHINGTON — The Pension Benefit Guaranty Corp. has dropped its effort to impose contingent liability upon sellers of a weak subsidiary with an underfunded pension plan to another firm.

A PBGC-prepared draft bill also would drop rules imposing additional liability to participants for unguaranteed benefits.

Continued on page 2

Pensions & Investment Age

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Grumman liability ruling backs DOL

By Joel Chernoff

NEW YORK — Overturning a lower court ruling, a federal court of appeals has ruled that trustees of the Grumman Corp. pension plan may be held liable for using plan assets in averting an aborted takeover bid by The LTV Corp.

The 2nd U.S. Circuit Court of Appeals found the trustees may have to pay damages to the pension fund, even though the fund ultimately made a $13.2 million profit on shares of Grumman stock it had bought at inflated prices to help avert the takeover.

The decision means that, even if a pension fund ultimately profits financially from the action, trustees still may be liable if the use of plan assets in fending off a takeover results in a short-term loss.

The ruling represents at least a partial victory for the Department of Labor in its efforts to collect damages for the Bethpage, N.Y., company's $1.2 billion pension fund.

However, the appeals court rejected the Labor Department's theory of calculating damages in favor of one that would cause much smaller claims to be repaid.

Instead of more than $20 million being owed to the fund, DOL sources now say that liability may reach $5 million.

The appeals court remanded the case to the U.S. District Court in Uniondale, N.Y., to determine the level of damages. No hearing date has been scheduled.

"I have to characterize (the decision) as a victory," said Alan Lebowitz, the acting U.S. pension administrator.

"That being said, we're still evaluating the decision," he added.

Ian Lanoff, the former U.S. pension chief who brought the lawsuit in 1981, said, "It's an extremely important victory. This makes it clear that if you're imprudent, you're going to pay damages."

David Hyde, an attorney at Cahill, Gordon & Reindel, New York, who represented Grumman, declined to comment on the decision because the case is still in litigation.

However, he said Grumman is not likely to ask the U.S. Supreme Court to review the appeals court decision, nor settle the case before it reaches the district court.

In October 1981, three Grumman pension fund trustees who were also top corporate officials directed the pension fund to purchase an additional 1.16 million shares of company stock in the face of a hostile takeover attempt by Dallas-based LTV.

Those officials were John Bierwirth, chairman and chief executive officer of Grumman; Robert Freese, senior vice president and treasurer; and Carl A. Paladino, senior vice president and treasurer of Grumman Aerospace, a subsidiary.

The shares were purchased at an average price of $38.34 per share; the stock had been trading at below the $25 level prior to the tender offer, and sank to $23 per share after the takeover fell through.

However, the 1982 bull market caused Grumman stock values to soar, enabling the fund to sell the

Continued on page 52

Zeros form base of fund dedication

By Richard J. Gillespie

GREENWICH, Conn. — Arnold Foods Co. has set up dedicated portfolios for retired and active vested liabilities, and has established an unusual fixed-income-rate portfolio for current plan members.

The company, which has pension assets of $13 million, used a combination of zero-coupon bonds, Ginnie Maes and even certificates of deposit issued by savings and loan institutions in the fixed-income portfolio.

With one of the dedicated techniques, carried out by EMG Advisors of Fairfield, Conn., the company funded retired lives liabilities — with a par value of $6.7 million — with a portfolio of zero-coupon U.S. government bonds costing $2.93 million.

Arnold Foods was spun off from Continental Grain last year, when it Continental sold Orowheat Foods Co.

The West Coast operation of Orowheat, which formerly comprised 13 bakeries, was sold to General Foods Corp. and became part of its Entenmann's Bakeries Inc. line of baked goods.

The East Coast operations of the

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Celanese boosts assumed return

By Barry B. Burr

NEW YORK — Celanese Corp., trying to avoid a repeat of the $410 million overfunding of the pension plan it terminated, is scrapping the traditional use of a low assumed rate of return in its new plan.

Millions of dollars rest on Celanese's action, and the saving could multiply if other corporations follow Celanese's lead.

In arriving at a new assumed return, Celanese officials questioned, in part, whether actuaries or financial executives should make the decision.

In addition, Celanese suggested a closer link between the corporate balance sheet and the pension plan.

Celanese adopted an assumed return of 10%, up from the 8.25% used in the last year of its terminated plan, according to its 1984 annual report. The change increased Celanese's net income by $4 million.

Charles S. Stephens, assistant controller, said the increase is "not being more aggressive, it's being more realistic."

The 8.25% assumed return Celanese used when the plan was terminated officially last year was higher than the median of 7.3% found by Greenwich Research Associates.

Celanese underwent a spinoff/termination, splitting its pension plan into one for retirees and one for active participants and placing the surplus into the retirees' plan. Annuities were purchased for participants in both

Charles S. Stephens: "Being more realistic."

plans, the retirees' plan then was terminated and Celanese recouped the excess assets.

Stanley V. Smith, managing partner of Ibbotson Associates Inc., Chicago, an economics consultant working with Celanese, suggests Celanese's decision could influence other corporations to reassess — and raise-

Continued on page 53

Active equity management

Rosenberg starts new firm

ORINDA, Calif. — Barr Rosenberg, a pioneer in the application of modern portfolio theory to pension funds and the founder of the consulting firm BARRA, has established an active equity investment management company.

Mr. Rosenberg said he had founded Rosenberg Institutional Equity Management with three partners, whom he declined to name.

He said the firm would invest in diversified equity portfolios designed to produce high returns per unit of risk based on a fundamental valuation model and using some aspects of market/price performance for timing of purchases and sales.

Mr. Rosenberg said the investment process would be highly quantitative. The valuation model "is a very subtle financial analysis system," he said.

The valuation model, he said, is based on insights gained through BARRA's quantitative analytical tools.

The typical portfolio will have more than 100 stocks identified by the valuation model, and the portfolio manager and trader will have no authority to overrule what comes out of the system.

However, they will be responsible for verifying the data put into the system for each of the stocks the valuation model identifies as a buy candidate.

Mr. Rosenberg would not say how large he expected the firm to grow. Since the valuation model had identified a large universe of stocks — 15% of the market — as being undervalued at any point in time, and since the model would select a smaller subset of this 15% for investment, "We expect that the firm can grow quite large before liquidity problems occur," he added.

Mr. Rosenberg, a former professor of business administration at the University of California at Berkeley, was an early advocate of applying modern portfolio theory to analysis of investment portfolios and their performance, and built Barr Rosenberg & Associates, later BARRA, into one of the top quantitatively based investment management consulting firms.

The firm first made a splash when it developed "fundamental betas" (beta is a measure of the risk or volatility of a stock compared with the risk or volatility of the market as a whole).

Dissatisfied with historic betas, which are derived by comparing past movements of a stock's price with historic market movements and which tended to change over time, Mr. Rosenberg examined which characteristics of companies produced market risk. He identified such factors as earnings growth, financial structure, immaturity, smallness and market valuation, and was able to combine the most important of these to derive more stable measures of beta.

The firm, which began with four employees in 1975 and now has 45, also developed asset allocation tools. Other tools allowed pension

Barr Rosenberg

fund executives to determine the impact of changes in money managers on their overall portfolios, what had contributed to a money manager's performance and whether that performance was the result of luck or skill.

BARRA also produced products related to bond management, options management and the use of financial futures.

BARRA now has more than 150 of the largest financial institutions and pension funds throughout the world as clients, according to Mr. Rosenberg.

Mr. Rosenberg said the new firm

Continued on page 49

Consultants start new companies

By Richard J. Gillespie

Two key players in pension consulting are leaving their firms and will start their own businesses.

Vernon Hodge, principal and head of asset planning services for William M. Mercer-Meidinger Inc., has departed to set up PRIMCO Capital Management, a money manager specializing in active management of discretionary guaranteed investment contracts.

William Dreher, partner in charge of the human resources group at Peat, Marwick, Mitchell & Co., will step down at the end of the year. He will launch a firm that will service clients with Peat, Marwick's software.

No replacment has been named for either man.

Mr. Dreher denied his departure is related to a new business plan for Peat, Marwick under its new chairman, Larry D. Horner.

The day before he announced his resignation, he had denied there

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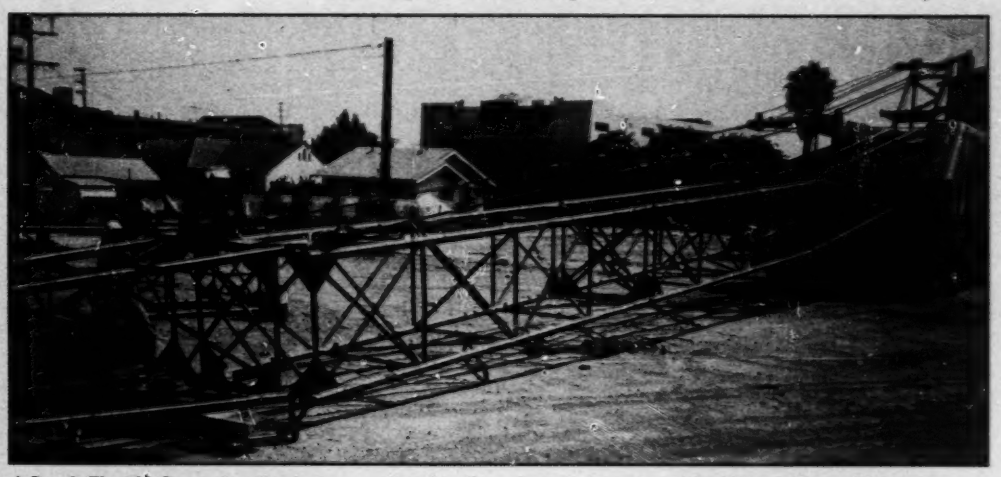

A South Florida Operating Engineers pension fund's real estate investment has been affirmed in court.

Union investment affirmed

By Joel Chernoff

FORT LAUDERDALE, Fla. — A federal judge's affirmation of a Southern Florida Operating Engineers pension fund's real estate investments might set back Labor Department efforts to crack down on social investing practices.

The bitterly contested court case had been watched by unions across the country considering real estate investments that generate jobs for their members.

The U.S. District Court here dismissed 1981 Labor Department charges that trustees of the Operating Engineers Local #675 pension fund had violated their fiduciary duty in financing a new union headquarters with plan assets, overpaying for construction and undercharging on the union's rent.

The department also had charged the investment had caused the fund to incur substantial losses, and garnered an inadequate return on investment for the fund. The court earlier had thrown out charges that the fund illegally had provided below-market rate mortgages to participants.

The trustees rebutted the Labor Department's allegations as unfounded, and suggested the lawsuit

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Late news

N. Ireland resolution

NEW YORK — A resolution to fight discrimination against Northern Ireland Catholics in the work place is expected to be approved by trustees of the $8 billion-plus New York City Employees Retirement System. The fund has $250 million in securities of U.S. companies with units in Northern Ireland.

Investment recovered

PHOENIX, Ariz. — Losing only its expected interest, the Arizona State Retirement System recovered the $210 million it had invested with EMS Government Securities Inc., the failed Fort Lauderdale, Fla., firm.

Late money movers

• CHICAGO — Beatrice Companies Inc. has moved to consolidate the roughly $660 million in pension and employee benefit plans of Beatrice and its subsidiaries, by hiring the Chase Manhattan Bank as its master trustee.

• NEW YORK — EQK Realty Investors I, the first closed-end, fully defined, equity real estate investment trust, became effective this month with institutional investors acquiring 95% of the $185 million offering, according to J. Steven Manolis, managing director in real estate at Salomon Brothers, New York, the lead underwriter.

Among the investors were the Beatrice Companies Inc. pension fund, American General Insurance Co., the Fidelity Discoverer Fund and Rieger, Robinson and Harrison, New York.

• FORT WORTH, Texas — The $234 million Employees' Retirement Fund of the City of Fort Worth hired two equity managers and three real estate managers.

The fund hired MSecurities Corp., Dallas, to run a $2.6 million equity portfolio and will invest $3.56 million in the Amcap Fund, an equity mutual fund that is part of American Funds Inc.

The fund also will give $10 million each to LaSalle Advisors Inc., Chicago, for a closed-end real estate fund and to Equitable Life Assurance Society of the United States, New York, and Aetna Life and Casualty Co., Hartford, Conn., for open-end funds.

• DALLAS — The National Gypsum Co., with total employee benefit assets of $280 million, has dedicated a $20 million bond portfolio for retired lives in its subsidiary, Austin Co., with Leavy Investment Management Inc., Atlanta. The $20 million previously was overseen by Morgan Guaranty.

• HOLLYWOOD, Fla. — The Hollywood Firemen's Pension Fund has hired Investment and Capital Management Corp., Rolling Meadows, Ill., to run an $8.5 million balanced account. The fund's $17 million had been managed solely by American Capital Advisors Inc., Houston, in a balanced account.

• ATLANTA — The $425 million Continental Telecom Inc. pension fund has hired Daniel Breen & Co., Houston, and Jakobson Cass Partners, New York, both for equities, and Manufacturers Hanover Investment Corp., New York, for a dedicated bond portfolio. It dropped Pacific Investment Management Co., Newport Beach, Calif., and Glickenhaus & Co., New York.

Personnel news

• NEWARK, N.J. — Prudential Asset Management Co. has named Robert G. Merrill president and director.

Mr. Merrill comes from a stint at the First City National Bank of Houston, where he was vice chairman, but previously had worked for Prudential from 1956 to 1978.

Robert E. Riley, who had been president, as well as chief executive officer, has been named chairman and CEO.

In another move, Robert M. Chmely, formerly senior vice president, has been named executive vice president. Mr. Chmely also serves as comptroller of PAMCO.

• NEW YORK — Three former employees of M.D. Sass Investors Services Inc., Thomas Daniels, Harvey Ross and Nancy Diggins, have left to join A.R. Schmeidler & Co. Inc. in New York.

• NEW YORK — Kenneth Smilen and Ken Safian, founders of Smilen & Safian Inc., have decided to split up after running money together for more than 25 years.

Consultant dies

CHICAGO — Paul J. Kole, the Chicago Transit Authority's pension fund consultant and former chief financial officer, died March 6. He was 50.

Debate heats up over financial issues

By Steve Hemmerick

A swashbuckling war of words has erupted among corporate and pension fund executives, money managers and financiers, all warriors in such takeover battles as the recent one for Phillips Petroleum Co.

Some are hoping for a truce: The Council of Institutional Investors, a group of public pension fund officials, is planning a meeting this spring to discuss hotly debated financial issues with corporate executives, pension fund officials and investment bankers.

A key issue in the debate is whether pension funds can do nothing but take short-term views of their investments, a serious situation for corporations that have much of their outstanding stock in the hands of pension funds and other institutional investors.

Other issues in the debate are:

• Whether institutional money managers, such as those used by pension funds, are short-term oriented and react negatively to companies that make long-term commitments, such as those with high research and development budgets.

• Whether institutional ownership makes a company more vulnerable to a takeover.

Some pension experts claim that pension funds don't have to take short-term gains; others say the funds should take those gains; and still others aren't sure.

The troubling scenario is this: A financier, or so-called corporate raider, buys a block of stock, possibly 7% or more, in a corporation in which there is heavy institutional investment and in which the stock is selling at a low price in relation to the value of corporate assets.

News Analysis

As word of the financier's investment leaks out, a possible takeover or greenmail payment is considered. Speculators and others begin bidding up the price of the stock.

Then some pension funds and their money managers begin selling the corporate shares to take a profit, partly because of the pension fund's investment guidelines or the money manager's disciplined sell guidelines. The increased value of the stock acts as a trip wire for sell orders, at the same time providing a ready market for financiers to buy up the stock with money lent from deals worked out by investment bankers. Billions of dollars are now at the ready.

Fearing a takeover, the company begins anti-takeover moves, instituting poison pills, such as selling off valuable subsidiaries or piling up the company's debts, in part to pay off the financier through greenmail.

A new twist is that corporate executives now can be dragged into a pension arena where financial lust is heightened by catcalls from financiers and the fast buck becomes the only issue. At risk, corporate executives say, is the cannibalization of American industries.

But pension experts claim they can, and do, look at the short-term and long-term prospects of a company. In many cases, management has been lethargic, more interested in its own jobs, not the interests of shareholders.

They claim corporate executives who once turned a deaf ear to social issues now throw job worries and community economic development into the faces of pension executives. Some of the warriors say if someone else can increase the value of corporate assets, let him. That's what investments are all about, they say.

They contend that not all mergers or takeovers are bad, and that corporate executives are throwing up a smokescreen, using pension funds as scapegoats.

A recent SEC study seems to support that scapegoat view. It found that companies with heavy institutional ownership were less likely to be targets of raiders than companies with low institutional ownership. In addition, companies with high research and development spending had higher institutional ownership than companies with low R&D budgets, suggesting institutions do take the long-term view.

But Ian Lanoff, secretary and general counsel to the Council of Institutional Investors, said the issues aren't black and white. He said pension funds can take the long-term view. Even though some might find it "hard to believe," he said, a corporation could make a good defense of paying off greenmail or using a poison pill defense.

But, said Mr. Lanoff, some securities lawyers now contend that fiduciary responsibility obligates pension fund officials to take a

Continued on page 54

Few foundations liquidate holdings

By Fred Williams

Only a few private foundations have begun to liquidate holdings in the companies that formed their initial bequests, and they are doing so grudgingly.

Foundation officials say they are parking their bundles of cash in fixed-income instruments until new asset allocation studies are complete. They also clearly resent the need to liquidate, and say the federal law requiring it will hinder the creation of new foundations.

Liquidation is required under a 1969 Internal Revenue Code revision, which limits foundations to tieing up between 20% and 35% of their assets in a single holding, depending on when the assets were acquired.

Prior to the revision, some foundations had as much as 100% of their assets in one holding, often stock in the company that bankrolled the foundation.

While only a few private foundations are caught up in the tax code provisions, some of them are the more widely known foundations and the asset value of the divestitures is often substantial.

"Today, I would be hard pressed to find perhaps 20 foundations out of 21,000 with any problems with excess business holdings actions," said John Edie, vice president and general counsel of the Council on Foundations in Washington.

Three private foundations are mentioned most often as experiencing complications in complying with the excess business holdings provisions — the Altman Foundation, the John D. and Catherine T. MacArthur Foundation and the W.K. Kellogg Foundation — but other lesser known ones are having an equally difficult time in parting with some of their holdings.

The $1.3 billion Kellogg Foundation received $563 million from selling 15 million shares of Kellogg Co. stock to the company late last year, a transaction initiated by the foundation.

"The pressure was on us, not on the company," said William Fritz, assistant vice president and assistant treasurer of the foundation. "We started negotiations with the company after privately hiring an investment banker to assess the value of the stock. With that information, we approached the company and they responded."

Mr. Fritz said the cash was reinvested immediately in the fixed-income market, with part being managed internally and part with the foundation's existing investment managers. He said the foundation is conducting an asset allocation survey to determine the ultimate disposition of its assets.

Continued on page 54

Top '84 public funds

By Trudy Ring

Last year's top-performing public pension fund portfolios were concentrated in bonds, although those with large positions in stocks had the best results for the past three and five years.

The $9.3 billion Ohio Public Employees Retirement System, Columbus, had a 25.8% return in 1984, placing it first in the Prudential-Bache Securities public retirement funds universe of 88 portfolios. The fund, which is internally managed, was 75% in fixed income and 25% in equities.

All numbers are as of Dec. 31.

Second for the year was the $62.8 million account managed by Heritage Investment Advisors Inc., Milwaukee, for the $364 million Milwaukee County Employees Retirement Fund.

Entirely in fixed income, the portfolio had a 17% return.

The Minnesota State Board of Investment's Permanent School Fund was third, with a 15.9% return. The $308.1 million fund is run in-house. Asset allocation was 82% fixed income, 18% equities.

Managers of the top-performing funds agreed that a large position in bonds helped in a year when bonds outperformed stocks generally. The Salomon Brothers Corporate Bond Index was up 16.4% for 1984, while the Standard & Poor's 500 stock index returned 6.3%.

"One reason the Permanent School Fund did very well was it was heavily weighted in bonds," said Howard Bicker, executive director of the Minnesota state board. The fund was primarily in government issues and pass-through securities, he said.

An official of Heritage Invest-

Continued on page 51

Type of successor plan adopted before and after release of Administration plan termination guidelines*

Defined benefit

	Number of plans	Percentage of plans	Number of participants	Percentage of participants
Pre-Guidelines (1/84-5/84)	33	43%	20,581	23%
Post-Guidelines (6/84-1/85)	90	50%	162,796	68%

	Number of plans	Percentage of plans	Number of participants	Percentage of participants
Pre-Guidelines (1/84-5/84)	43	57%	69,316	76%
Post-Guidelines (6/84-1/85)	89	50%	72,455	32%

*Data includes plan terminations only where a successor plan was indicated.

Source: Pension Benefit Guaranty Corp.

Successor-plan data show

Defined benefit plan use up

By Joel Chernoff

WASHINGTON — The percentage of participants covered by a successor defined benefit plan after their old plan was terminated has tripled since the Reagan administration unveiled its plan termination guidelines last May.

Calculations by the Pension Benefit Guaranty Corp. reveal that since the guidelines were announced, 68% of participants are covered by successor defined benefit plans when the employer provides a replacement plan.

That is up sharply from a 23% rate in the five-month period prior to the guidelines' adoption.

"There has been a dramatic — at least a threefold increase — in participants in successor defined benefit plans since the administration guidelines took effect," said David Walker, deputy executive director of the PBGC.

The numbers bear out the administration's goal of restricting abuses, but not forcing people out of the defined benefit system, Mr. Walker said.

The figures are based on termination applications received in the five months preceding, and the eight months following, May 24, when the administration guidelines on asset reversions were released.

The calculations cover terminations involving reversions of $1 million or more.

While the figures are not without their problems, they clearly indicate a reversal in the type of replacement plan adopted following a plan termination, particularly for larger companies.

The trend provides strong support for the administration's view that the guidelines would keep more participants in the defined benefit system.

"It seems consistent with what people thought would happen," said Dallas Salisbury, president of the Employee Benefit Research Institute, Washington.

Pension experts say defined benefit plans offer more predictable payouts to participants than such defined contribution plans as 401(k) plans, money purchase and profit-sharing plans.

In a defined benefit plan, a participant receives a fixed benefit, based on a formula usually involving years of service and salary. In a defined contribution plan, the employer is bound to contribute a fixed amount annually, but the investment risk is borne by the participant.

The administration guidelines encouraged employers to maintain defined benefit plans by allowing firms to engage in certain kinds of terminations whose legality was considered murky.

In fact, Rep. Edward Roybal, D-Calif., the chairman of the House Select Committee on Aging who favors shutting down these transactions and otherwise restricting asset reversions, demanded in a recent letter that the PBGC justify the techniques' legality.

The controversial techniques, which are known as spinoff/terminations and termination/re-establishments, allow a firm to keep a successor defined benefit plan while recapturing surplus plan assets.

Previously, a firm would have had to replace the terminated plan with a defined contribution plan or none at all.

In a spinoff/termination, an employer generally splits the plan into two separate plans, one for retirees and vested participants and one for active participants. The surplus assets are included in the retiree plan, which then is terminated, allowing the employer to recapture the excess.

In a termination/re-establishment, the old plan is completely terminated, allowing the company to recapture the surplus assets, and a similar plan is created.

Continued on page 51

Terminations . . .

Continued from page 3

The PBGC had expressed serious concerns about the methods' legality, and whether an adequate "cushion" of assets would be left in any successor plan prior to the adoption of the guidelines.

Since the guidelines were issued, the agency monitors each such termination closely, Mr. Walker said, and in some cases has negotiated that a cushion be left.

"We still review potential abuses," he said.

The PBGC figures also reveal the number of plans terminated has sloped upward since the policy was unveiled.

From January through May of 1984, there was an average of 25.4 plans terminated per month involving total monthly reversions of $259.9 million.

In the following eight months, from June 1984, through January 1985, those figures increased to an average of 29.9 terminations per month with aggregate reversions of $313.4 million per month.

However, those figures are not seasonally adjusted.

There traditionally is a huge, year-end increase in terminations for tax, accounting and cost reasons.

For example, if the plan year coincides with the calendar year, terminating the plan by Dec. 31 enables the employer to avoid meeting another round of annual contribution, vesting and accrual requirements, and to skip paying PBGC premiums.

In December, the number of termination filings soared to 73 from 39 in November and 30 in October. The level settled back to 40 filings in January, which still was higher than average levels in the teens during mid-1984.

In addition, some factors might have caused the PBGC to overstate the percentage of participants covered by successor plans.

The figures comparing the type of successor plan chosen only include cases where the employer indicated the type of successor plan.

Companies are not required to say whether they will set up a replacement plan, so some successor plans might have been left out.

On the other hand, the figures underestimate the percentage of participants covered by successor defined benefit plans.

The PBGC failed to include active employees in the increasingly popular spinoff/terminations in those calculations because, in these cases, plans for current employees are not terminated.

Adding the active participants in spinoff/terminations awaiting regulatory approval on Jan. 31 could boost the percentage of participants in successor defined benefit plans by 10 percentage points, Mr. Walker admitted.

Those inconsistencies aside, Mr. Walker said, the figures clearly show a trend toward vastly increased defined benefit coverage for plan participants. ■

Public funds . . .

Continued from page 3

ment Advisors said the Milwaukee County account was all in U.S. Treasury securities with an average maturity of less than five years.

Prudential-Bache's public retirement fund index, consisting of 88 portfolios in 29 retirement systems, had a return of 5.7% for the year.

Over the three-year and five-year periods, however, public funds emphasizing stocks were able to take advantage of favorable markets.

The top three-year performer was the $28.4 million portion of the Dallas Employees Retirement System funds invested in the American Mutual Fund. With assets entirely in equities, the funds had a 19.4% annualized return.

The second best performer was another portion of the Dallas system's funds, $28.2 million managed by Investment Company of America, Los Angeles. Also entirely in equities, the portfolio returned 19.3% on an annualized basis. The system has total assets of $257.2 million.

Third for the three-year period was the portion of the Baltimore Fire and Policemen's Retirement System managed by Delaware Investment Advisers, Philadelphia. The $58 million account, 86% in equities and 14% in fixed income, had an annualized return of 19.2%.

During the three-year period, the S&P 500 had an annualized return of 16.4%.

The Baltimore retirement systems and Delaware Investment Advisers had the biggest success in the five-year period.

The top performer was the $37.4 million portion of the Baltimore Employees' Retirement System managed by Delaware. It had an annualized return of 17.7% and was 89% in equities and 11% in fixed income. The system has assets of $349 million.

Second was the $58 million portfolio managed by Delaware for the Baltimore Fire and Police Retirement System. It returned 17.6% on an annualized basis, being 86% in equities and 14% in fixed income. ■

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C2710-2

Union muscle bolstered by pension plans

By Joel Chernoff

WASHINGTON — Harnessing the power of pension funds, unions are jolting corporations that resist organized labor's objectives and companies that support or service anti-union firms.

With newfound sophistication, unions increasingly are appealing to sympathetic institutional shareholders and entreating money managers to vote their shares in labor's favor, as well as putting pressure on financial institutions that have labor difficulties or that help finance recalcitrant employers.

All told, these efforts may add a powerful new weapon to labor's arsenal of ways of forcing firms to come to the bargaining table.

In the past few years, unions have targeted such corporations as Phelps Dodge Corp., New York; Equitable Life Assurance Society of the United States, New York; Manufacturers Hanover Corp., New York; Aetna Life and Casualty Co., Hartford, Conn.; and Capital Cities Communications Inc., New York. Use of such tactics is growing, union experts say.

"The genie's out of the bottle," said Randy Barber, director of the Center for Economic Organizing, Washington, which consults with unions on pensions and other issues.

Labor now is armed with a growing data base of stock holdings of the nation's largest multiemployer and public plans, and is backed by a new commitment by the AFL-CIO to explore more innovative approaches in getting labor's message across.

With this support, unions can use a variety of tools:

• Pressure investment managers with union accounts to vote with

Continued on page 36

Late news

Interco challenge

ST. LOUIS — Interco Inc. has challenged the legality of the Reagan administration's asset reversion guidelines and their application to the spinoff/termination of the company's $11.5 million P.N. Hirsch & Co. pension plan.

Interco is trying to recover $3.5 million from the plan. The PBGC refused to recognize the proposed

Continued on page 2

Pensions & Investment Age

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UT to boost staff, eyes internal fund

By Rose Darby

HARTFORD, Conn. — As part of a new focus on world market asset allocation, United Technologies Corp.'s $4 billion pension fund will add two more pension investment professionals to its staff, and could begin some in-house management by next year, a UT executive said.

Beverly Lannquist Hamilton, vice president-pension investment, said the changes result from an ongoing study prompted by the reorganization of the fund and its 50 money managers, begun in mid-1984.

During her first months as head of the pension fund, Mrs. Hamilton said she discussed issues with Wall Street experts and other pension fund executives.

In doing so, she grew interested in studies done by Barr Rosenberg and Gary Brinson at First Chicago Investment Advisors on the importance of asset allocation for a pension fund, she explained.

"Asset allocation is the key to the job," she said. The First Chicago study indicated that 87% of a fund's performance is due to asset allocation, another 3% is derived from opportunistic timing moves, about 8% is the result of managers' value added and 2% all other factors, she said.

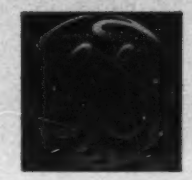
The traditional definition of asset allocation — the mechanical process of changing a position in stocks to one in bonds or some combination thereof — is not the one Mrs. Hamilton is using.

Instead, it is asset allocation in the sense of deciding to which world market asset classes an entire pension fund should be exposed to maximize performance within a desired risk range, she explained.

She called this definition of asset allocation, "a total fund approach."

"The world equity markets outside the United States are a bit

Continued on page 55



Uses zero-coupon bonds

GE dedicates $824 million

By Barry B. Burr

STAMFORD, Conn. — The $11.3 billion General Electric Co. pension plan set up an $824 million dedicated bond portfolio with Treasury-backed zero-coupon securities, yielding an annual rate of return of 13.4%.

As a result, the company cut its pension contribution by $28 million and cut the present value of its liabilities by $580 million.

The dedication was completed just a few months before the Financial Accounting Standards Board, also based in Stamford, released its latest proposal on corporate pension disclosure. Company officials weren't available for comment on a possible connection, if any.

The FASB would require, in part, corporations to place unfunded accrued pension liabilities on their balance sheet.

Many pension plans have set up dedicated or immunized pension portfolios partly to reduce their unfunded liabilities. Some analysts have speculated the decision might have been spurred to avoid reporting the liabilities on their corporate balance sheets, in anticipation of an FASB rule.

The FASB proposal might not affect GE because its pension assets, even before the dedication, exceeded the present value of its liabilities.

GE's dedication appears to be the largest dedication consisting of zero-coupon Treasury securities. Among pension funds, the Arizona State Retirement System holds one of the largest zero-coupon portfolios, totaling $450 million *Pensions & Investment Age*, March 4).

The GE dedication rivals in size other recent dedications, all using more conventional bonds, by American Information Technologies Corp. for $2.4 billion; Chrysler Corp., $1.1 billion; and Bethlehem Steel Corp., $700 million.

GE's yield puts it at about the lower middle range of rates obtained by a wave of dedications in the past year.

Chrysler's and Bethlehem's dedications yield more than 14%; Ameritech's, 11.5%. Among other recent dedications of $100 million or more, those by Allis-Chalmers Corp., American Airlines Inc., and Colt Industries Inc. yield, respectively, 14.66%, 13% and 14.2% (*P&I Age*, Dec. 24.)

GE officials involved with the dedication were unavailable for comment. Bruce A. Bunch, press relations representative, said, "The reason they did it (the dedication) was it looked like a good solid investment."

Interest rates generally have dropped in the past year; but a dedication manager not involved with GE believes the trend in dedications will continue.

"I think you are going to see more, not less," said Joseph E. Gorman, executive vice president of National Investment Services of America Inc., Milwaukee, which manages Ameritech's and other pension dedicated bond portfolios.

"The (interest) rates are no longer the driving force in dedication. Not that people totally ignore rates — but it's no longer the driving force."

Right now, Mr. Gorman guesses a dedicated bond portfolio set up solely with Treasury bonds would yield about 11.5% to 12%.

Dedication, he said, "simply recognizes that

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Index funds show significant growth

By Trudy Ring

Index funds run by money managers grew to $46.6 billion in 1984, largely because of pension executives' disappointment with traditional active management.

When indexed assets managed in-house by pension funds are added to the amount run by investment firms, the total indexed might range as high as $100 billion, with further growth likely, managers said.

The managers interviewed by *Pensions & Investment Age* said their indexed assets under management grew to about $46.6 billion from $35.7 billion at the end of 1983. In 1980, a similar *P&I Age* survey turned up just $9 billion in indexed assets.

Managers said the popularity of index funds is easy to explain — in recent years it has been difficult for active managers to beat the Standard & Poor's 500 stock index, the basis for many index funds.

The average equity manager returned 1.5% in 1984, while the S&P 500 returned 6.1%. For the past three years, returns were 16.6% for the index, 14.9% for the average equity manager.

Indexing by public pension funds, and the growth of pension assets in general, are other factors contributing to the popularity. Managers said indexing simplifies management of large amounts of money and can relieve political pressures on public fund executives.

What's more, fees for index fund management often are less than half of what is charged for active management, managers said.

"The index fund turns out to be a very superior strategy," said Tom Middleton, a vice president of Wells Fargo Investment Advisors, San Francisco. "I think plan sponsors are looking at the performance numbers on this, and looking at the fees they pay active managers."

Wells Fargo is one of the major providers of index funds. Its indexed assets under management

Continued on page 53

Indexed assets managed

Firm	Year end 1984	Year end 1983
Wells Fargo Investment Advisors	$ 14 (bil.)	$ 11 (bil.)
Bankers Trust Co.	13 (bil.)	12 (bil.)
American Natl. Bank & Trust	5 (bil.)	4.5 (bil.)
Mellon Capital Management Corp.	4.4 (bil.)	800 (mil.)
State Street Bank & Trust Co.	1.6 (bil.)	1.3 (bil.)
Manufacturers National Bank	1.5 (bil.)	1.4 (bil.)
Dimensional Fund Advisors	1.6 (bil.)	810 (mil.)
Wilshire Associates	1.5 (bil.)	1.5 (bil.)
Chase Investors Mgmt. Corp.	1.4 (bil.)	925 (mil.)
Wright Investors Service	945 (mil.)	865 (mil.)
Harris Trust & Savings Bank	600 (mil.)	575 (mil.)
Alliance Capital Management Corp.*	300 (mil.)	0
Prudential Asset Management	197 (mil.)	113 (mil.)
Centerre Trust Co.	143 (mil.)	92 (mil.)
First Chicago Investment Advisors	100 (mil.)	100 (mil.)
Metropolitan Life Insurance Co.	87 (mil.)	42 (mil.)
Great American Core Investors*	85 (mil.)	0
Aetna Life & Casualty Co.	57.7 (mil.)	56.5 (mil.)
First Asset Management	10 (mil.)	na

* Alliance Capital Management Corp. began offering index funds in 1984.
* Great American Core Investors started business in 1984.
na — not available.

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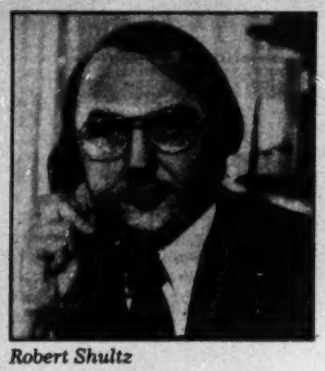

Robert Shultz

Group set to organize

STAMFORD, Conn. — The Pension Group East, an association of corporate pension executives, is pressing ahead with plans for a national federation of similar groups.

David Seidel, assistant treasurer at TexasGulf Inc. and president of the Pension Group East, and Robert E. Shultz, director of U.S. retirement funds for International Business Machines Corp. and past president of the group, have scheduled a meeting in Chicago May 23-24 to discuss such a federation.

Mr. Shultz said the Chicago meeting would be an organizational strategy one in which representatives of groups interested in joining a loose federation could meet to discuss needs and agendas.

He said he hopes pension executive groups from such areas as New York, Dallas, Los Angeles, Detroit, Pittsburgh and Washington would be represented at the meeting. Pension executives from areas that do not have groups but who would be interested in starting regional groups also would be welcome, Mr. Shultz said.

He stressed the federation is not designed to replace any local organizations, and would not become a Washington lobbying group.

The federation also is not designed to replace or duplicate the efforts of such groups as the Association of Private Pension and Welfare Plans or the ERISA Industry Committee.

A possible model for the federation is the National Corporate Cash Management Association, which coexists with local cash management organizations, provides an information exchange network and is drawing up professional standards for corporate cash managers. The NCCMA also gives cash managers a voice on issues affecting them in their jobs.

Pension executives interested in attending the organizational strategy meeting in Chicago should contact Mr. Shultz at (203) 329-4544. ■

Awarded up to $810 million

Detroit, California hire 9 managers

By Steve Hemmerick and Eddy Christman

Two public pension funds have hired a total of nine money managers to handle up to $810 million.

The $13 billion California State Teachers' Retirement System hired its first permanent active equity managers and will distribute among them up to $500 million.

The $2.2 billion Detroit Retirement System assigned $310 million to five new balanced managers for the $1.2 billion general retirement plan.

The California Teachers hired Barrow, Hanley, Mewhinney & Strauss, Dallas; Provident Capital Management, Philadelphia; Trinity Investment Management, Boston; and Wilmington Capital Management, Wilmington, Del., said Marilyn Chapman Woods, assistant chief executive officer.

The Detroit fund hired Oppenheimer Capital Corp., New York, $100 million; The Boston Co. of Southern California, Los Angeles, (a subsidiary of The Boston Co., Boston), $100 million; Harbor Capital Management, Boston, $50 million; Marquette Capital Management, Detroit, $30 million; and Munder Capital Management, Birmingham, Mich., $30 million.

With its hirings, the California Teachers' fund began shifting assets to active external equity management after years of having them managed internally by its sister fund, the California Public Employees Retirement System, and most recently, by temporary outside managers.

The hiring of perhaps eight more equity managers is planned for the months ahead.

The four new managers were picked from among eight finalists in what the retirement system calls the "defensive/yield" approach. Not hired were Cashman, Farrell and Associates, Wayne, Pa.; Delaware Investment Advisers, Philadelphia; First Pacific Advisors, Los Angeles; and United Capital Management, Denver.

Those selected were chosen on the basis of past performance, style and interaction with in-house investment staff and trustees, said Ms. Chapman Woods. She added all finalists were highly regarded by the nine members of the retirement board.

The selection process began last October, and involved extensive screening and evaluation of 35 investment managers.

It followed the hiring of seven outside bond managers, and the hiring of Wells Fargo Investment Advisors, San Francisco, as manager of a $1 billion index fund that tracks the Standard & Poor's 500 index and a $300 million extended index fund that includes stocks outside the S&P 500.

Staffs for the California fund and its consultant, Wilshire Associates, Santa Monica, have begun work on picking a new slate of managers that invest primarily in growth stocks.

The new defensive/yield managers are expected to place emphasis on selecting stocks that are relatively unaffected by the ups and downs of the business cycle, and stocks offering high and steady yields.

In the growth sector, the retirement system will be looking for managers that pick stocks that have increased per-share earnings in the past at well above the rate for common stocks generally. According to sources, the retirement system needs to take some additional risks because of its already high unfunded liability of about $10.8 billion.

Not known is how many growth stock managers the system will choose or how much it will give those managers of its current $2.9 billion in equity assets. However, the system has a general target of increasing its equity allocation to $5.2 billion, or about 40% of assets.

In the future, the system will hire aggressive specialty equity managers, sector rotation managers and broadly diversified managers.

Now, equity investments not in index funds are with Alliance Capital Management, San Francisco, and Trust Company of the West, Los Angeles. They were hired as temporary managers, but could become permanent as the selection of equity managers continues.

Continued on page 53

Most funds miss a third of ABC pie

By Trudy Ring

Institutional shareholders missed a third of the action in the Capital Cities Communications Inc. takeover of American Broadcasting Companies Inc.

While pension funds and their money managers held significant positions in the two major partners in the deal, most had no holdings of the third participant — Berkshire Hathaway Inc., which will own 18% of Capital Cities after the takeover — despite the extraordinary reputation for investment sagacity of its chairman, Warren Buffett.

Mr. Buffett will become a director of Capital Cities/ABC after the takeover.

Cap Cities and ABC both are heavily owned by institutions. According to CDA Investment Technologies Inc.'s Spectrum, a survey of institutional stock holdings, 73.8% of Capital Cities' shares and 63.1% of ABC's shares were held by institutions as of Dec. 31.

However, only 4.1% of stock in Berkshire Hathaway, a textile firm based in Omaha, Neb., was institutionally held on Dec. 31, according to CDA.

One analyst said institutions missed the boat on the Berkshire Hathaway end of the deal because many of the shares are held by Mr. Buffett, the stock is not heavily traded and the institutions that do hold it tend not to sell it.

It can be difficult for an interested institution to gain access to sufficient shares to cover all of its portfolios, observers noted.

Among the lucky few holding Berkshire Hathaway — whose price surged to $1,770 (bid) from $1,490 (bid) in the week after the takeover was announced — were BEA Associates, 2,077 shares; Chemical Bank, 2,163 shares; First Manhattan Co., 5,478 shares; Harris Associates Inc., 5,662 shares; Illinois National Bank and Trust, 1,000 shares; J.P. Morgan & Co., 5,000 shares; Norwest Capital Management, 5,503 shares; Omaha National Bank, 2,670 shares; and Wachovia Corp., 5,548 shares.

Of the 30 institutions owning Berkshire Hathaway, 14 also owned shares in Cap Cities and ABC, hitting a triple play on the deal. A total of 177 institutions own ABC and 152 own Capital Cities.

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Late news

Continued from page 1

termination because the firm had tried to carve out its active employees from the plan. In addition, the PBGC said Interco had refused to vest and buy annuities for employees.

GIC secondary market

NEW YORK — Morgan Stanley made its first transaction for a new type of security, which creates a secondary market for guaranteed investment contracts.

Called Funding Agreement Collateralized Trust Security, the new vehicle is a series of certificates backed by a single GIC and sold in the private placement market.

The GIC's interest rate, payment schedule and maturity, remain intact, but are passed on to FACTS holders.

Analytic purchased

IRVINE, Calif. — Analytic Investment Management Inc. has agreed to be purchased by United Asset Management Corp., the Boston-based holding company for an undisclosed price. The firm, which runs more than $800 million in options accounts, will be the seventh investment firm to join UAM.

Chicago office closing

CHICAGO — Lincoln National Investment Management Co. will close its Chicago office April 12, transferring the management activities to its Fort Wayne, Ind., office, and to MPT Associates Inc., New York. The firm's parent company, Lincoln National Corp., Fort Wayne, recently acquired MPT. Lincoln National Investment runs about $2 billion, MPT, about $1 billion.

Application retracted

WASHINGTON — The International Ladies Garment Workers' Union $500 million pension fund temporarily retracted its application to use special withdrawal liability rules, pending clarification of what poses a risk to the PBGC.

New firm formed

BETHESDA, Md. — Hugo Schielke, former investment director of the World Bank's $15 billion portfolio, has opened American & European Investment Corp., a fixed-income, multicurrency money management and financial consulting firm.

Money movers

• WINSTON-SALEM, N.C. — R.J. Reynolds Industries Inc. is managing up to 10% of its $1.2 billion in pension assets in-house in a pilot equities program, said Gene Hoots, president of newly formed RJR Investment Management Inc. A small, internal bond index fund also was started.

• CHARLOTTE, N.C. — The $445 million Duke Power Co. pension fund committed $30 million to four equity real estate managers. LaSalle Advisors Inc., Chicago, received $10 million for a closed-end fund. New open-end fund managers are Security Capital Real Estate Corp., New York, $10 million; Copley Real Estate Advisors, Boston, $5 million; and NCNB National Bank, Charlotte, N.C., $5 million.

• WASHINGTON — The Pension Benefit Guaranty Corp. has hired M.J. Whitman & Co. as a special situation manager for $10 million to $20 million in assets.

• HOUSTON — The Houston Post Co. has hired First Kentucky Co., Louisville, Ky., to manage its approximately $11 million in pension fund assets.

• BETHPAGE, N.Y. — The $1.3 billion Grumman Corp. pension fund committed $10 million to a closed-end real estate fund managed by CIGNA Capital Advisers Inc., Hartford, Conn.

• NEW YORK — Two subsidiaries of UIS Inc. — Champion Laboratories and Luber-finer Inc. — hired Merrill Lynch Asset Management Inc. as an equity manager. Manufacturers Hanover was dropped.

• MEMPHIS, Tenn. — The $83 million Federal Express Corp. pension fund has committed $2 million to a participating mortgage fund run by Lomas & Nettleton Advisory Group Inc., Dallas.

• DALLAS — Aviall Inc. has selected Towers Perrin Forster & Crosby, New York, to administer its new 401(k) plan. RepublicBank Dallas is trustee.

• ANCHORAGE, Alaska — The Alaskan Federal Credit Union has given Merrill Lynch Asset Management a $2.5 million account for fixed-income management.

Union Funds

8 make $230 million in loans

Foundations mix investments, jobs

By Mark Westerbeck

NEW YORK — Slowly and with no small amount of grief, more pension funds serving unions are banding together to fund construction projects and foster the creation of jobs in their regions.

At least $230 million in construction loans have been made since 1980 by eight foundations formed to bring together and invest union pension-fund dollars. That estimate, from a survey by the industrial union department of the AFL-CIO, is a drop in a bucket that holds $72 billion of union-related pension assets.

A ninth foundation formed last year for Cincinnati-area union funds had not made an investment at the time of the survey.

Two others were pending, waiting regulatory approvals from the Department of Labor. One of those, the Northwest Ohio Building and Construction Industry Foundation for the Toledo area (*Pensions & Investment Age*, May 14), got its prohibited transaction exemption in mid-March, said Toledo attorney Marc Gertner, who helped the unions form the foundation.

The newest — the Baton Rouge Building and Construction Industry Foundation — formed after the local carpenters and electrical workers approached Mr. Gertner; another eight or nine locals could join.

The AFL-CIO survey excluded a third, similar unit Mr. Gertner helped form — the Upper Ohio Valley Building and Construction Trades Council for the Wheeling, W. Va., area — because it is not a transaction trust like the other 11. Mr. Gertner said the Upper Ohio Council is slow getting started — a common complaint of the organizers — but is in the process of putting out money.

"We're in the crawling mode before we've started walking yet," he commented on the nature of foundations.

The oldest and most active is the Development Foundation of Southern California, which has invested $125 million, according to the AFL-CIO. The other seven that have put out money have done so only in a range from $8 million to $30 million. Those dollars do churn at an inordinate rate for real estate investments, since they are most often in the form of 12- to 18-month construction loans.

One of the consortiums included in the AFL-CIO survey illustrates the difficulty of launching one. The survey said the

Continued on page 33

Unions helped finance this Hilton hotel in West Palm Beach, Fla.

Unions seek pension voice

By Trudy Ring

Labor unions might bargain increasingly in the next few years for a say in how their companies' pension assets are invested.

"It's a major area where there is a need for collective bargaining," said Randy Barber, director of the Center for Economic Organizing, Washington. Mr. Barber and his organization consult with unions on numerous financial issues, including pension funds.

Although most unions have no voice in how single-employer corporate pension funds are invested, a few, such as the United Auto Workers and International Association of Machinists, have gained some control.

Others are considering becoming more active in this area, and the AFL-CIO is encouraging them.

"It's workers' money," said Lawrence Smedley, associate director of the AFL-CIO's department of health, occupational safety and Social Security.

In the past, many union leaders considered pension investments a management preserve, Mr. Smedley said. They thought that becoming involved with investments was somehow in conflict with their position as union officials, he said.

This attitude has changed because of pension funds' growth and importance to the economy, he said.

Also, he said, unions sometimes see companies and their money managers investing pension assets in ways contrary to workers' interests.

Mr. Smedley cited a case of several years ago in which a bank managing assets for Bethlehem Steel Co.'s pension fund invested in another company's steel mill in Japan, he said. He also noted cases of union workers' pension funds making investments in real estate developments that used non-union labor.

Some unions also have negotiated seats on pension boards to have a say in investments. Unions have joint

Continued on page 36

Managers step up bids for union fund assets

By Fred Williams

As the growth in corporate pension plan assets has slowed and the number of investment counseling firms has increased, money managers are intensifying their efforts to capture a piece of the union pension-fund market.

In addition, union funds plans now are better managed. Their executives have gained in knowledge and sophistication and have come to expect more from their investment managers, say consultants and investment managers.

"There is no question that there has been an increased level of interest (in union plans) by a broad range of investment managers," said Randy Barber, director of the Center for Economic Organizing, a union consulting organization in Washington. "Whether that interest is because of a decrease in contributions to corporate funds, I don't know. But a good number of investment managers are increasing their emphasis on bringing in Taft-Hartley accounts."

But Eugene Burroughs, director of the investment department for the International Brotherhood of Teamsters in Washington, said the increased emphasis may be due to the proliferation of managers.

"They are all trying to court everything. I get a lot more calls today than I used to (from money managers). In general, there has been a shrinking pie because of all the reversions (of excess assets through plan terminations) and dedications (of bond portfolios)," Mr. Burroughs said.

Victor Rosasco, a specialist in union plans and head of the investment consulting division of Prudential-Bache Securities, Palo Alto, Calif., said he has not seen "substantial evidence" that money managers are beginning a wholesale shift toward union funds.

"There has been a lot of talk about it, and there are some managers saying they intend to go after the labor and public fund market, and I suspect that it is the coming thing. A lot of managers are contacting me and asking about who and how do you do it, so the interest is there," he said.

Mr. Rosasco said the small- and medium-sized money manager may have difficulty getting a proper feel for the union pension fund market.

"High fee schedules have always been a turnoff for public and union funds, and a lot of these small- and medium-sized managers have only dealt with the corporate market, where there never was any real discussion of fees. Now they will be faced with detailed fee discussions. .... Unions won't stand for it. They will find unions wanting to negotiate, and they aren't used to that. Negotiations are a way of life for unions," he said.

Louis Kingsland, senior vice president at Callan Associates Inc., New York, said money managers feel more comfortable today approaching the union pension fund market.

He said the slowdown in corporate pension growth has been a factor in a growing interest by money managers in union pension assets, "but it is hard to say to what extent."

"I feel there is more opportunity in the Taft-Hartley market than in the corporate market than in the past. The relative cash flow is more prominent in the Taft-Hartley area, and the comfort level of managers is better now. More and more, money managers feel more comfortable approaching that market. In the past, they didn't know the language and the basics of union plans. Now they are taking the time to learn the market. In the past, the corporate market was eas-

Continued on page 32

Managers . . .

Continued from page 27

ier to target.

"There has also been substantial improvement in the Taft-Hartley area," said Mr. Kingsland. "They are getting better information and they understand the investment process better than they did eight to 10 years ago. They are coming along very fast."

Jack Marco, union fund consultant for SEI Funds Evaluation Services, Chicago, said he also has detected an increased level of interest.

However, the growth of pension assets is slowing in that market as well, he said.

"There is not as much money to be chased. There is a diminishing pool there, too," he said.

He said some money managers now are training internal union fund experts and "instead of the analyst type, they now have more personable and communicative representatives who can speak English to them."

"When they come to me and ask about the Taft-Hartley market, I tell them to get a specialist with the ability to work with them or don't bother because they are only asking for trouble. There are some good money managers out there who can't communicate with the Taft-Hartley people. It is a different lifestyle and a different ideology, and some money managers don't know how to react to them," said Mr. Marco.

Thomas J. Mackell Jr., senior vice president of M.D. Sass Investors Services Inc., New York, which manages $800 million in Taft-Hartley assets, has seen the Taft-Hartley picture from both sides, as the administrator of the Marine Engineers Beneficial Association in New York for 14 years and as a professional investment manager.

Mr. Mackell said money managers' interest in running union portfolios is increasing, but he doesn't know why.

He agreed that the approach must be flexible.

"The labor people on these boards recognize their responsibilities, but some of them haven't had the luxury of going to the Wharton School of Business, so some of these Greek terms like 'alpha' and 'betas' are unfamiliar to some of them," Mr. Mackell said.

He agreed the argument that unions and Taft-Hartley fund executives are more political and depend more on negotiations is true but not germane.

Harry Simanek, vice president and director of the jointly trusteed division of The Boston Co., Boston, described the developing interest of investment advisors in union pension funds as "an invasion."

"With these corporate funds . . . some are completely wiping out their former investment approach and killing off some of the business. And there are so many more managers out there, and all of a sudden they are chasing a shrinking pie . . . Where do they go? They are looking at a very attractive pool of assets in the Taft-Hartley area," said Mr. Simanek.

While the large mutual insurance companies manage the largest segments of union assets, several investment advisers have made strong inroads in the market.

They include: Rothschild Asset Management Inc., New York; M.D. Sass Investors Services Inc.; Kennedy Associates Inc., Seattle; Shields Asset Management Inc., White Plains, N.Y.; McMorgan & Co., San Francisco; and Lehman Management Co. Inc., New York.

Duff Kennedy, president of Kennedy Associates, which has $3.1 billion in Taft-Hartley assets under management, said there has been a slowing of multiemployer fund assets corresponding to the slowing in corporate fund asset growth.

Money managers "would like to get into that market, but they will be hurting," Mr. Kennedy said, because of the competition and slow growth in fund assets, coupled with the relatively lackluster investment performance most managers experienced during the past few years.

Jon Fossel, vice president at Alliance Capital Management Corp., New York, which has a modest $500 million in union pension assets under management, said activity by investment advisers has increased.

"Unions, and public funds, too, are getting more sophisticated and are hiring more active managers, more equity-oriented managers, and they are more fee oriented. We are seeing a lot more solicitations or interest on the part of public and union funds than we used to . . . and we haven't done anything different," said Mr. Fossel.

Susan Thomas, vice president of Merchants Investment Counseling Inc., Indianapolis, said her firm, which has only one major union account, has been placing a stronger emphasis on that area.

Still, word-of-mouth referrals are most effective, according to Ms. Thomas.

"Cold calling doesn't work with the Taft-Hartley group," Ms. Thomas said.

Gerald Facciani, president of Facciani & Co., a Cleveland pension consulting firm, said union pension funds are declining in strength and in assets along with the single-employer plans. Mr. Facciani said investment managers are trying to pry Taft-Hartley assets from the large insurance companies, traditional havens for these assets.

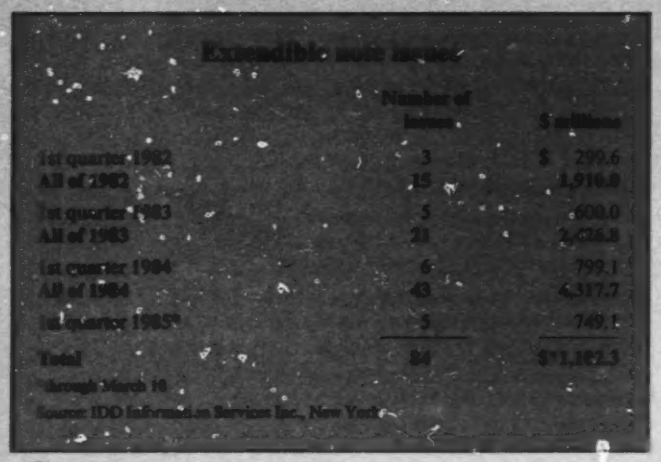
"What we have seen very clearly is an assault on insurance company-managed union plans. The investment managers come in and point out that these funds have been netting lower returns, sometimes in the 75th percentile of all money funds, and they get a sympathetic ear from the union guys," said Mr. Facciani. ■

Union pension funds among the nation's Top 1,000

Union	$ millions
Teamsters, Central States, Chicago	5,169
Teamsters, Western Conference, Seattle	5,129
United Mine Workers of America, Washington	2,784
Boilermakers, Blacksmiths, Kansas City, Kan.	1,420
Hospital & Health Care Employees, New York	1,037
Operating Engineers, International, Washington	1,037
Bakery and Confectionary Union & Industry, Kensington, Md.	1,010
Marine Engineers Benefit Association, Baltimore	840
I.A.M. National Pension Fund, Washington	800
Garment Workers, Ladies, New York	689
Carpenters, Southern California District Council, Los Angeles	681
S. Calif. Food & Commercial Workers Joint Trust Funds, Cypress	661
United Food & Commercial Workers International, Chicago	641
Operating Engineers, S. Calif. Benefits Administration, Pasadena	570
Operating Engineers, Local 3, San Francisco	561
Sheet Metal Workers, National Headquarters, Washington	527
Carpenters, Northern California District Council, San Francisco	521
Operating Engineers, Locals 302 and 612, Seattle	517
Electricians, Employees Security Fund, Flushing, N.Y.	500
Texas Laborers, Dallas	412
Clothing & Textile Workers, New York	410
Motion Picture Industry Pension Plan, Studio City, Calif.	400
Teamster and Teamsters Industry of New England, Boston	393
IBEW, Washington	380
International Brotherhood of Teamsters, Washington	356
Teamsters, Local 710, Chicago	344
Food & Commercial Workers, National, Washington	340
Masters, Mates & Pilots, New York	340
Carpenters, District Council, New York City	337
Central Pennsylvania Teamsters, Reading	335
Southern California Pipe Trades Retirement Trust Fund	330
Graphic Arts International, Washington	327
Painters & Allied Trades, Washington	324
Carpenters, Locals 971 and 1819, Reno, Nev.	315
Chicago Federation of Labor & Industrial Union Council	311
Operating Engineers, Local 150, Countryside, Ill.	302
Electrical Workers, IBEW Local 11, Los Angeles	300
Longshoremen, New York Shipping Association, New York	298
National Maritime Union, New York	294
Teamsters, Local 959 of Alaska, Anchorage	292
Plumbers, Local 30, Southern California, Los Angeles	291
Teamsters, Local 705, Chicago	291
Longshoremen, ILWU-PMA Pension Plan, San Francisco	287
American Federation of Musicians & Employers Fund, New York	284
S. Calif. Laborers, Contracting Plasterers Association, Los Angeles	281
Carpenters, District Council of Cleveland	279
Screen Actors Guild-Producers, North Hollywood, Calif.	277
Western Pennsylvania Teamsters, Pittsburgh	270
Typographical Union Headquarters, Colorado Springs, Colo.	268
Service Employees, Local 32B, New York	266
Construction & General Laborers, Forest Park, Ill.	264
United Cement Workers, Elk Grove Village, Ill.	260
Carpenters, District Council, Chicago	248
Lumber & Sawmillworkers, Western Council, Portland, Ore.	248
Operating Engineers, Local 18, Columbus, Ohio	246
Building Trades United Pension Trust Fund, Milwaukee	242
California Iron Workers, Oakland	239
New York State Teamsters Conference, Utica	238
Seafarers, Great Lakes Tug & Dredge, Camp Springs, Md.	237
Laborers, National Headquarters, Washington	233
American Federation of Television and Radio Artists, New York	232
Carpenters, Central & Western Indiana, Indianapolis	232
Food & Commercial Workers, California Butchers, Oakland	230
Auto Workers District 65, New York	225
Operating Engineers, Local 324, Birmingham, Mich.	222
Typographical Union, Chicago	218
Food & Commercial Workers, Local 455, Atlanta	211

Union	$ millions
STA-ILA Pension Fund, Baltimore	203
Longshoremen, ILA & Maritime Association, Houston	200
UFCW Midwest Pension Funds, Chicago	199
Printing Pressmen, Graphic Communications, Los Angeles	197
UFCW Locals 137, 421, 439, 551, 899, 587 and 229, Los Angeles	189
Steelworkers, National Headquarters, Pittsburgh	187
Carpenters, Detroit & Vicinity, Southfield, Mich.	186
Plumbers, Local 597, Chicago	184
Textile Workers, New York	184
Sheet Metal Workers, Local 108, Los Angeles	180
Operating Engineers, International Union, Washington	178
Upholsterers International Union, Philadelphia	176
Laborers, Ohio District Council, Columbus	176
Food & Commercial Workers, Local 876, Madison Heights, Mich.	175
Massachusetts State Carpenters, Burlington	173
Machinists District Lodge 9, Bridgeton, Mo.	164
Pacific Maritime Association, San Francisco	163
Carpenters, Western Washington Locals, Seattle	161
Electrical Workers, Local 134 and Electrical Contractors, Chicago	160
National Auto Workers, Detroit	153
Laborers, Massachusetts State Locals, Newton	152
Carpenters, Locals of Illinois Pension Fund, Geneva	150
Graphic Arts Union, Local 245, Chicago	149
Laborers, Alaska Locals 341, 942 and 1331, Seattle	144
Iron Workers, Ohio & Vicinity District Council, Charleston W. Va.	143
Electrical Workers, IBEW Local 1547, Anchorage, Alaska	142
Bricklayers, International Union, Washington	142
Iron Workers, Texas Locals, Houston	140
Mid-Jersey Trucking Industry, Local 701, New Brunswick, N.J.	140
Carpenters, District Council, Philadelphia	140
Northern California Sheet Metal Workers Union, Dublin	138
Food & Commercial Workers, Local 27, Baltimore	136
Retail Clerks, Unions & Employers, Atlanta	133
Producer-Writers Guild of America, Los Angeles	133
Marine Engineers, Beneficial Association 2, Brooklyn, N.Y.	132
Automobile Mechanics' Union Local 701, Chicago	132
Food & Commercial Workers, Local 174, New York	132
Carpenters, Western Pennsylvania District Council, Pittsburgh	130
Northern California Laborers, San Francisco	128
Iron Workers, Northern New Jersey District Council, Newark	126
Laborers, Locals 472 and 172, Newark, N.J.	125
Operating Engineers, Local 825, Newark, N.J.	123
Laborers, Western Pennsylvania District Council, Pittsburgh	123
Southern California Plasterers, Los Angeles	122
Longshoremen, New Orleans Steamship Association, New Orleans	120
Molders, Allied Workers, Cincinnati	120
Screen Extras, Actors Equity Association, New York	114
Iron Workers, Local 25, Detroit	114
Laborers, Local 395, Phoenix, Ariz.	111
Retail Clerks, Local 1105, Seattle	107
Automotive Machinists, Local 289, Seattle	107
Machinists, District Lodge 67, Washington	107
Iron Workers, Locals 14, 29, 86, 598, 114 and 505, Seattle	106
Teamsters Joint Council 83 of Virginia, Richmond	105
IUE AFL-CIO, Bloomfield, N.J.	105
Carpenters, Local 1310, St. Louis	102
Operating Engineers, Local 542, Norristown, Pa.	101
Operating Engineers, Local 15, New York	100
Food & Commercial Workers, S. Calif. Locals, Los Angeles	99
Iron Workers, Locals 40, 361 and 417, New York	99
Laborers, District Council, Mason Tenders of Greater New York	98
Plumbers, Local 638, New York	98
Suburban Teamsters of Northern Illinois, West Chicago, Ill.	97
Teamsters, Local 282, Elmont, N.Y.	97
Laborers, Local 253, Jacksonville, Ill.	96
Southern California Retail Clerks, Los Angeles	96
TOTAL	48,197

Corporate Finance



Extendible note issues

	Number of issues	$ millions
1st quarter 1982	3	$ 299.6
All of 1982	15	1,910.0
1st quarter 1983	5	600.0
All of 1983	21	2,636.8
1st quarter 1984	6	799.1
All of 1984	43	4,317.7
1st quarter 1985*	5	749.1
Total	84	$14,102.3

*through March 18

Source: IDD Information Services Inc., New York

Companies extend interest in notes

By Barry B. Burr

Since the first offering three years ago, extendible notes have increased rapidly in popularity — after a bit of refinement to keep investors from putting them back to issuers sooner than planned.

For example, Texaco Inc., White Plains, N.Y., is using extendibles as part of the refinancing of its takeover of Getty Oil Co., Los Angeles, acquired for $10.2 billion in February 1984, said Gordon Hamilton, Texaco's director of public relations.

In March, Texaco Capital Inc., the parent's financing unit, sold its latest issue of extendibles, raising $300 million.

Mr. Hamilton said Texaco Capital has sold a total of $1.3 billion in extendibles in three separate offerings, providing 30% of the $4.3 billion Getty refinancing of its floating bank debt done so far.

Extendibles basically provide longer term financing at shorter term rates, although particular terms vary with each issue. The notes, in general, have maturities of 15 years.

But issuers arbitrarily reset the coupon rates periodically, often every three years.

Buyers have the option at the time of the reset to accept the new rate or to put, or sell, the note back to the issuer at its face value. At the same time, issuers generally have the option at the time of the reset to call the notes.

Extendibles that are reset, say, every three years, offer rates similar to standard notes with similar maturities.

Extendibles, essentially, save issuers underwriting and other costs of issuing anew every few years with shorter term notes, according to issuers and underwriters. That cost amounts to about one-half or five-eighths of 1% of the face value of each issue.

For Borg-Warner Acceptance Corp., Chicago, its extendible issue didn't work exactly as planned.

Borg-Warner Acceptance, an autonomous subsidiary of Borg-Warner Corp. devoted almost entirely to providing financing for other companies, offered one of the first extendibles, in March 1982, selling $75 million maturing in 1992, with the coupon rate reset every two years.

Last year, when Borg-Warner

Continued on page 50

Biggest extendible underwriters

Biggest extendible underwriters

Lower-cost financing, a hedge

ECUs attract Hercules

By Marci Baker

WILMINGTON, Del. — Hercules Inc. achieved cheaper financing and a hedge for its foreign assets last month with the offering of notes denominated in European currency units.

The plastics and chemical company raised roughly $33 million through its 50 million-ECU deal in mid-March, making it the first American industrial firm and one of three issuers overall to offer such securities in the U.S. capital markets. The seven-year, 10⅛% notes were issued at par through underwriters led by First Boston Corp., New York.

ECU-denominated securities made their debut in the U.S. markets late last year when the European Economic Community issued 200 million ECUs, or about $145 million, of 12-year, 9⅛% notes.

Credit Foncier, a French thrift institution, is in the process of raising about $103 million in a 10-year, 150 million-ECU deal, through underwriters also led by First Boston.

Other U.S. issuers with sizable overseas operations are expected to follow Hercules into the ECU arena.

"This is ideal for multinationals," said Alexander Searl, Hercules' assistant treasurer. ECU-denominated securities provide a natural hedge to companies whose overseas operations expose them to international currency fluctuations, he said.

ECUs represent the currencies of the 10 European Economic Community members, including the deutsche mark, French franc, British pound and Italian lira.

Hercules, which derives more than 30% of its profits from overseas operations, has facilities based in all but two of the member countries — Ireland and Greece. However, the company's exposure to fluctuations in the value of the Irish pound and the drachma is minimal, Mr. Searl said. These two currencies make up only 2.5% of the ECU, he said.

The remaining 97.5% of the ECU offers long-term hedging opportunities for Hercules' European assets. By issuing the notes, Mr. Searl said Hercules is looking to maintain a balance between the value of its European-currency-denominated assets and the similarly denominated liabilities.

Thus, if the dollar strengthens, the decline in the value of foreign assets "will be offset with liabilities that melt just as fast," the assistant treasurer explained.

Other financing methods could have been used to hedge the company's European assets, but they would have been more cumbersome or costly, Mr. Searl said.

Each foreign subsidiary, for example, could have issued debt denominated in local currency. It was easier to do one larger offering under a single loan agreement than several smaller deals under separate loan agreements, he said.

Moreover, the interest costs in some cases would have been substantially higher.

Debt issued by Hercules' Italian subsidiary, for example, would have carried an interest rate that was several percentage points higher than the 10⅛% offered on the ECU issue.

"We picked up a very competitive interest rate by issuing the notes in the U.S.," Mr. Searl asserted.

Also, the interest cost on the ECU-denominated issue is about 220 to 230 basis points lower than what Hercules would pay out on a U.S.-based, dollar-denomin...

Continued on page 51

Firms eye mortgage banking

By Marci Baker

Mortgage banking is gaining favor among industrial corporations looking to diversify into the financial services arena.

General Motors Corp., New York, moved quickly last month to establish its presence in the field. In the course of a week, its General Motors Acceptance Corp. unit had reached preliminary agreements to acquire the mortgage banking and servicing companies of Philadelphia-based CoreStates Financial Corp. as well as the mortgage servicing operations of Norwest Corp. in Minneapolis.

In addition, American Can Co., Greenwich, Conn., and Owens-Illinois Inc., Toledo, Ohio, recently acquired mortgage banking operations. Investment bankers expect more industrial companies will follow suit.

Indeed, other industrial companies with plans to move into financial services, such as Chrysler Corp., Detroit, cite mortgage banking as one viable avenue for expansion.

The growth business offers industrials the opportunity to bolster the growth of profits overall, said Bruce Cameron, vice president at Berkshire Capital Corp., a New York investment banking outfit. For many companies, mortgage banking also offers a logical extension of internal financial expertise.

For these reasons, industrial companies have been diversifying into financial services generally for the past several years. Deregulation in the financial services field and the emergence of a more service-oriented society have only intensified that trend.

"The basic underlying assumption for the industrial sector is that there will be lower growth for their businesses in the next decade. The financial sector is expected to grow more rapidly," said Harold Goldberg, chairman of the rating committee at Moody's Investors Service Inc.

With their basic businesses maturing, industrials have been forced to move into other growth-oriented industries.

The interest in mortgage banking, however, has come largely with the emergence of the mortgage-backed securities market, said Mr. Cameron. The banks generate substantial revenue from the sale of mortgages to the Government National Mortgage Association and other issuers of mortgage-backed securities.

Another attraction is the steady, but potentially lucrative income stream that a mortgage bank derives from the servicing of its mortgage portfolio.

The sizable profit potential was a

Continued on page 50

Notes

Convertible test OK'd

STAMFORD, Conn. — The Financial Accounting Standards Board has approved a new accounting test to determine when zero-coupon convertible and other convertible securities would be considered common stock equivalents for a company's earnings per share computation.

The retroactive ruling establishes an "effective yield" test that basically allows convertibles to be considered common stock equivalents, if at the time of issuance they have an effective yield that is less than two-thirds of the prevailing average double-A corporate bond yield.

Previously, the cash yield of convertibles had to meet this criterion.

While the new test paves the way for the advent of zero-coupon convertibles, issuers don't appear to be queuing up.

"We haven't seen any activity yet," said Wes Jones, head of corporate finance product development at First Boston Corp., New York. Although the yield test has been clarified, it will take some time to educate issuers on the idea of zero-coupon convertibles, he said.

First Boston, along with Merrill Lynch Capital Markets and Morgan Stanley & Co., both of New York, have been working on the idea of zero-coupon convertibles (*Pensions & Investment Age*, Jan. 7).

Merrill Lynch asked the FASB to address the accounting treatment of the security in a letter written last August.

Because zero-coupon convertibles would have no annual cash payments, they always would have been considered common stock equivalents under the old cash yield test, according to Ken Gerdesmeier, FASB project manager.

Mergers affect index

NEW YORK — The mergers and acquisitions activity is keeping Standard & Poor's Corp. busy making adjustments to its S&P 500 stock index these days.

Last year, the rating agency dropped 30 companies from the S&P 500 roster, replacing them with another 30 companies. Twenty-six of those changes stemmed from takeovers or leveraged buy-outs, said Elliott Shurgin, assistant manager-statistical research/index services.

In 1983, S&P had only 19 adds and drops, seven of which came from the breakup of AT&T.

Among the merger-related drops in 1984 were Gulf Oil Corp., which was bought by Chevron Corp., and Getty Oil Co., acquired by Texaco.

Extendibles . . .

Continued from page 49

Acceptance reset the coupon for the first time, investors put back for redemption about two-thirds of the notes, said O. Blaine Cox, treasurer.

Because of a general decline in interest rates, it reset the rate to 11.2% from the initial 15.65%.

But in between the several weeks the rate was reset and investors decided whether to hang on to the notes, interest rates rose sharply.

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Under the terms of the extendible, Mr. Cox said, Borg-Warner Acceptance was unable to readjust the new rate for the changing market conditions. Thus stuck with an uncompetitive rate, most noteholders put back their extendibles, he said.

"We had no way to overcome" the sudden change in market rates," Mr. Cox said. "We were locked in."

Associates Corp. of North America, Dallas, had a similar experience, with about 60% of its issue being put back, investment bankers said. Associates officials were unavailable for comment.

More recent extendible issues have refined the reset, Mr. Cox said, tightening up the time between the announcement of the new rate and the option of holders to put their notes.

Extendibles first came to the market March 9, 1982, when IBM Credit Corp. sold $125 million. Salomon Brothers Inc. was the lead underwriter.

The issue was followed closely by a $100 million extendible by Xerox Credit Corp., also handled by Salomon, and then the Borg-Warner Acceptance sale, managed by Goldman, Sachs & Co.

In that first year, $1.9 billion in extendibles were issued. The extendible market has more than doubled since then.

In all, $11.1 billion in extendibles has been sold in 84 different issues, as of March 18 (see *charts, page 49*), according to IDD Information Services Inc., New York.

Citicorp has been the largest issuer, selling 10 issues totaling $1.9 billion. At least two of its offerings were in Europe. Citicorp officials weren't available for comment.

The second largest issuer has been Texaco Capital, followed by Ford Motor Credit Co., Bank of America and IBM Credit.

Among other issuers have been Caterpillar Tractor Co. and Aluminum Co. of America, each with $150 million and underwritten, respectively, by Goldman, Sachs and First Boston Corp.

Five underwriters account for almost all the extendibles sold — 72 issues, totaling $10.4 billion.

Salomon, the largest lead underwriter, has handled 28 issues totaling $3.7 billion. Goldman, Sachs follows closely, with 21 issues totaling $3.1 billion.

The next three underwriters, grouped together in a pack further back, are Merrill Lynch Capital Markets Inc., First Boston and Shearson Lehman Brothers Inc.

Extendibles were conceived as a sort of bridge financing between issuing straight shorter term notes and longer term notes at a time when interest rates were falling, investment bankers say.

Issuers were reluctant to sell long-term debt when rates might fall further. Still, they wanted to avoid the expense of reissuing shorter term notes every few years.

Ryder Systems Inc. issued $75 million in 12-year 11.5% extendibles last November. It was Ryder's third public debt issue during the year. The others, totaling $175 million, were 10-year straight notes.

"We weren't particularly interested in them until the November time frame," said Charles F. Wilson, treasurer. The main reason was the unavoidable puts Borg-Warner Acceptance and other early issuers encountered.

But since then, Mr. Wilson noted, the refinements in the repricing make it more timely to a rapidly changing market.

"Before, there was no opportunity for you to increase your (coupon) price if the market went against you," he said. ■

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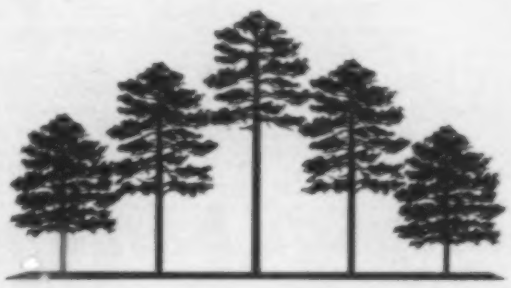

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Mortgage . . .

Continued from page 49

key reason for GM's decision to move into mortgage banking. CoreStates Colonial group, with a $7.4 billion mortgage portfolio, made $5 million last year, according to a GM spokesman. CoreStates Colonial is the mortgage banking unit of CoreStates Financial. Norwest's mortgage banking business lost $26 million in 1984.

In the Norwest deal, however, GMAC will acquire only the rights to service Norwest's $11 billion mortgage portfolio, which is less risky than the loan origination and packaging end of the business, investment bankers said. Under the agreement, GMAC also has the right to acquire Norwest's 52 loan-production offices and to originate mortgage loans at a later date. Terms of the two deals weren't disclosed.

The proposed acquisitions represent the first major steps in GM's previously disclosed diversification plans.

Once completed, the purchases will make the company the second largest mortgage banker in the country, based on the size of the two mortgage servicing portfolios.

The mortgage banking business "plays to the strengths of GMAC," the spokesman said. "It's a natural extension of what we do best." The GM unit provides auto-loan financing and servicing for consumers through more than 10,000 GM car dealers.

Owens-Illinois' move into mortgage banking with the acquisition of Alliance Mortgage Co. in Jacksonville, Fla., builds on the financial expertise it developed through its captive insurance and finance units and the internal management of pension fund assets. It also draws on the packaging manufacturer's back-office skills.

"The servicing end of the mortgage banking business is essentially a back-office one," said David Halmrast, vice president and general manager of financial services. "We are very good at systems, data processing and at maintaining cost control."

Owens-Illinois purchased Alliance from Florida National Banks for a total cash price of $125 million earlier this year. The deal was financed internally, mostly through its revolving credit line with a number of banks led by Bank of America, San Francisco. At year end, those credit agreements totaled $500 million. Berkshire Capital and Lazard Freres & Co. acted as financial advisers on the deal.

Slower growth in its traditional packaging business prompted the company to target financial services as well as health care as avenues of diversification, Mr. Halmrast said. Through acquisitions in these fields, the company is looking to boost its return on equity from its recent 10% to 11% range to between 15% and 20% annually.

The company chose mortgage banking for its first step into financial services because it promised relatively easy entry and the opportunity to become an industry leader, he said. For these reasons, Owens eschewed heavy retail oriented acquisitions.

"We wanted to avoid businesses that would put us in competition with giants like American Express," Mr. Halmrast said. Mortgage banking, on the other hand, is a fragmented industry in which no one company has more than 5% of the market, he noted.

Owens struck the deal for Alliance after looking at about 10 possible acquisitions. The largest mortgage banker in Florida, Alliance originates loans and services a $5.2 billion portfolio of residential and commercial mortgages.

Owens could be in the market for another financial services acquisition before year end. However, Mr. Halmrast said the company won't be ready to scout out any sizable deals for three to six months.

Although the GM and Owens acquisitions represent first steps toward financial services diversification, American Can's $125 million cash purchase of Berg Enterprises in Iselin, N.J., builds on an already established financial services unit.

The deal, expected to be completed in the second quarter, is part of an overall restructuring begun in 1982. At that time, American Can sold its manufacturing operations. It also targeted financial services, packaging and retail companies as areas of expansion. The company has focused its acquisition efforts on entrepreneurial companies with marketing or geographic niches, a spokesman said.

American Can bought four insurance companies, including Penncorp Financial Inc. and Transport Life Insurance Co. between April 1982 and October 1983. It also has moved into mutual fund and money management.

Along with the Berg deal, the company is acquiring Financial Institutional Services Inc., a firm that offers enhancement programs to help banks retain depositors.

Still, the mortgage banker and real estate syndicator "broadens what has been up until now an insurance-based unit," said the spokesman.

"We see a good fit in mortgage banking with our existing insurance operations."

Berg services a $1.6 billion mortgage portfolio and originates more than $1 billion of primarily single-family mortgage loans annually.

Since American Can launched its restructuring, the company's earnings per share have been climbing toward their 1979 peak of $6.50. Earnings per share as of June 30 were $4.95.

Financial services have been an important contributor to that progress. In 1984, 25% of the company's revenue and half of its profits came from this unit, the spokesman said.

Although mortgage banking promises many rewards, it has its risks as well. Chief among them is a company's exposure to interest-rate fluctuations.

Several months can elapse between the time mortgage loans are originated and then sold to mortgage-backed pools. "If a mortgage bank lacks a good hedging expert to protect against changing interest rates during that time, it can lose a lot of money," said Mr. Cameron. "But properly orchestrated, mortgage banking doesn't have to be among the high-risk financial businesses." ■

The Securities Data Corp. chart of new issues of corporate securities that normally runs in the Corporate Finance section was not received in time for publication. The chart for March 4-18 will appear in the April 15 issue.

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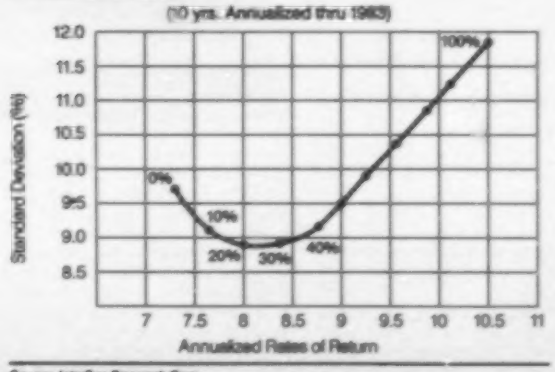

Source: InterSec Research Corp.

2 public funds . . .

Continued from page 2

No choice has yet been made for a permanent chief investment officer for the system, but a choice could be made later this month.

Funding for the new Detroit Retirement System managers came from terminating Alliance Capital Management, New York, which ran $90 million, from reducing the amount overseen by Comerica Bank-Detroit to $75 million from $285 million and from cash holdings. Comerica now will handle an equity portfolio, rather than a balanced one. The bank continues as master custodian.

In a related move, the Detroit public fund is allowing managers to increase their equity exposure to 50% from 35%.

Said Fred Murphy, executive secretary for the fund, "The state used to have a law that said the fund could only have 25% of the assets in equity. About 2½ years ago it was raised to a 60% limit, but initially the fund imposed an overall equity limit on the managers of 35%. Currently, the board doesn't want the manager's equity portion to go over 50%."

The board of trustees hired Prudential-Bache Securities Investment Management Consulting Services to aid in the manager search.

Mr. Murphy and Prudential-Bache's Harold Rossen, senior vice president, in a joint telephone interview, described the hiring.

"Last September, the fund decided to broaden its manager lineup," Mr. Murphy explained. "In looking over its three balanced managers — Scudder, Stevens & Clark, New York, Alliance, and Comerica — the board of trustees decided (Alliance's style) didn't complement the other managers.

"Also, the board was uncomfortable with the large amount, $300 million, overseen by Comerica. It decided that it didn't want any one manager to have more than $100 million."

From its 350-manager universe, Pru-Bache found the 87 firms it believed could handle amounts of at least $30 million to $40 million, Mr. Rossen said.

In addition, the fund wanted to look at 10 of the investment managers that had approached it.

"After reviewing performance and setting certain criteria — such as looking for those managers which had experience handling public money — we narrowed the 97 managers down to 20," Mr. Rossen said.

In early December, the fund interviewed the 12 firms and decided to visit seven of them, he said.

After the interviews, fund officials decided on a balanced lineup, except for Comerica. ■

Index funds . . .

Continued from page 1

grew to $14 billion at the end of 1984 from $11 billion at the end of 1983. By the end of February this year, the total went to $19 billion, Mr. Middleton said.

Wells Fargo is one of few firms offering index funds for bonds as well as stocks, but most of its business is in stocks, he said.

Another large provider of both bond and stock indexes is Bankers Trust Co., New York. Its indexed assets are more than $13 billion, up from $12 billion a year ago.

"Index funds are a conservative and relatively inexpensive vehicle to provide returns," said Patty Mahoney, assistant vice president.

Public pension funds' move into indexing is another factor in the growth of indexed assets, said Tom Loeb, president of Mellon Capital Management Corp., San Francisco. In 1984, Mellon's indexed assets rose to $4.4 billion from $500 million.

Mr. Loeb and Steve Manus, a vice president of American National Bank and Trust Co. of Chicago, agreed growth of pension funds has attracted sponsors to indexing.

"It becomes tougher to beat the market with all the money that's out there," Mr. Manus said.

American National manages about $5 billion in stock index funds, 10% more than last year.

Managers said pension funds of all sizes are using indexing. "I think an index fund has a place in any sponsor's portfolio," said Stephen Hawkins, vice president and senior trust officer at Manufacturers National Bank of Detroit. The bank's indexed assets rose $200 million to $1.6 billion last year.

Several managers said that although they market index funds, they still have faith in active management.

Most pension funds use indexing as a core investment strategy, then add active managers in hopes of adding value.

But at least one large active manager, Alliance Capital Management Corp., New York, added indexing late in 1984.

Alliance already has won $300 million in index fund business, said Carol Zipkin, vice president. Alliance offers customized index funds; a couple of clients have invested in indexes that avoid stocks in companies doing business in South Africa, she said.

Another new entrant in the index fund business is Great American Core Investors, Tarrytown, N.Y.

Its president, Seth Lynn, and chief operating officer, Robert Windsor, left Bankers Trust to set up the business last year.

Handling index funds only, they have $85 million under management, all from the San Francisco City and County Employees Retirement System.

"In the public funds arena, the core fund is a very appealing concept for political reasons," Mr. Lynn said.

Public fund executives, under scrutiny from press and politicians, don't get much credit when investment performance is good, he said. "But if they make mistakes, they're going to get tarred and feathered," he said. Index funds, he said, can help prevent the latter.

Specialized indexes appear to be attractive to pension funds. State Street Bank & Trust Co., Boston, saw its index funds grow largely because it offers unusual instruments, such as the stock index performance futures fund, said Tom Hogan, a vice president.

State Street has about $1.6 billion in index fund business, up from $1.3 billion a year ago, he said.

Throughout the industry, the variety of index fund products is wide. Many hold all or part of the S&P 500, while "extended market indexes" consist of thousands of stocks.

Some only hold growth stocks or stocks in small companies. Still others use timed indexing strategies, in which funds are moved between cash equivalents and index funds or index futures.

Index fund managers said they look for further growth. Passive funds will not always outperform an overwhelming majority of active managers, but will remain a sensible core strategy and an efficient way to diversify, Mr. Lynn said. ■

Revised FASB proposal

Major shift seen in accounting

By Marci Baker

STAMFORD, Conn. — The recently issued, long-awaited exposure draft on pension fund accounting still would result in a major change from past practices, even though it represents a modification of past proposals.

For some companies, the Financial Accounting Standards Board's new proposal — issued on a 5-2 vote — will mean reporting significantly larger pension expenses than they do now.

All companies will be forced to disclose more detailed information on how well their plans are funded and what assumptions are used to calculate that information.

The FASB hopes the result will produce pension accounting measures that are more consistent among companies and more understandable to users of pension fund data.

Among the key provisions of the draft, said Timothy Lucas, an FASB project manager, is a requirement to report unfunded liabilities on the balance sheet.

Until now, companies have reported assets and accumulated liabilities in the footnotes of financial statements.

Under the proposed changes, unfunded liabilities will be moved onto the balance sheet. However, those liabilities will be calculated on the present value of accumulated vested and non-vested benefits — a step back from the FASB's previous stance.

Originally, the board had considered requiring companies to include future salary increases in the liability calculation, which would have increased the liability that would have been reported as well as the number of companies subject to the rule.

The FASB draft also will require companies to compute pension expenses based on the benefit terms of their plans, typically some percentage of final pay times number of service years.

"A lot of times, funding has dictated what a plan's pension expense should be," said Doug Sauter, an FASB project manager.

Plan sponsors look to line up the funding level for the plan in a given year with their net periodic pension cost by working with a number of pension expense calculations.

The proposed method narrows the number of options in measuring expense and separates that function from the funding function, said Mr. Sauter.

The FASB believes the new method will be a more faithful representation of pension costs "because it reflects the terms of the underlying plan and because it better approximates the recognition of the cost of an employee's pension over that employee's service period," according to the exposure draft.

A company's pension expense generally is not expected to increase with the FASB's ruling on the matter. Jerry Spigal, an actuary with Peat, Marwick, Mitchell & Co., said it is one of the lowest cost methods of determining that cost.

What will increase pension costs for many companies, however, is the board's provisions on prior service costs. The FASB draft will require companies to tighten up the amortization period for recognizing increases in benefits that stem from plan amendments.

Now, companies will write off those costs during a 20- to 30-year period. Moreover, the benefit increases typically are applied on a flat-payment basis, which is similar to mortgages.

Under the exposure draft, prior service costs will be applied over the estimated years of employee service until retirement.

The FASB also will require companies to use a projected unit cost system for amortizing those costs, resulting in a shorter write-off period. Also, a greater amount of these costs will be applied at the front end of the amortization period and will dwindle over time.

In another key departure from current rules, companies will have to disclose in footnotes more information about their pension plans. Now, companies typically report pension assets available, accumulated vested and non-vested benefits, actuarial assumption used and dollar pension expense.

Among the additional information to be included is an assumption of the rate salaries will increase — a rate that must be compatible with what companies think pension plans will earn on investments. Companies also must include what impact a percentage point change in those assumptions will have on the projections.

Other additions include the effect future compensation levels will have on pension obligations and the amount of prior service costs not yet reflected in the net periodic pension costs.

Overall, how companies feel about the new rules "depends on where you sit in your funding status," said Larry Wiltse, consulting actuary at Buck Consultants in New York.

Companies with overfunded plans may find the draft a reasonable compromise, while it may prove more burdensome for those with unfunded liabilities.

Indeed, companies with unfunded liabilities, like Chrysler Corp., are not applauding the new proposal. Chrysler reported a $700 million unfunded liability at the end of 1984. If that situation continues into 1989, when the balance sheet rules would be effective, it will be faced with reporting a liability on its balance sheet.

"From our perspective, it's pretty much no change from past FASB proposals," said Marty Welch, Chrysler's assistant controller. "A huge penalty will be paid by companies with mature plans."

Most damaging to the automaker is the provision for amortizing prior service costs, Mr. Walsh said. Chrysler now takes 30 years to write off those costs in its union negotiated plan.

Under the new prior service rules, Mr. Walsh said, the company's amortization period could be cut in half.

Overall, experts agree the smokestack industry would be hardest hit by the proposed rule changes because they are more likely to carry unfunded liabilities and make more frequent changes in the level of benefits.

Still, they note, these companies represent the minority, as the vast majority of pension plans in recent years have become overfunded.

FASB's Mr. Lucas estimated that only 20% of major U.S. corporate pension plans currently may have unfunded liabilities.

The changes in pension accounting rules are expected to prompt even more companies to put more pension assets in passive bond portfolios, in an effort to reduce pension expense and smooth out the volatility of assets and liabilities.

The FASB will hold public hearings on it exposure draft July 22-24 in New York. It hopes to release the final version by year end.

GE fund . . .

Continued from page 1

pension plans are getting mature and payments to retirees are a big part of that pension plan."

"You're not just looking to get the best return (with pension investments)," he added. "But you have (cash for) liabilities to pay.

"It's the only sound way to go about asset allocation."

GE's dedication is the pension fund's first, said Mr. Bunch.

"This fixed-income portfolio, consisting of securities backed by the U.S. Treasury, has been dedicated to the payment of certain future pension benefits . . . (and yields a) rate of return of 13.4%," GE's 1984 annual report states.

Mr. Bunch said GE set up the dedication itself, although it worked with several unidentified brokerage houses in buying the bonds. GE, which manages nearly all its pension assets internally, is managing the dedicated portfolio itself as well, he added.

He said GE first began buying securities for the dedication in mid-1984 and completed the portfolio toward the end of the year.

Mr. Bunch, who confirmed the dedicated portfolio consists entirely of zero-coupon Treasuries, said details weren't available on the zeros.

The money for the dedication came from the fund's cash flow, said another GE official.

The move apparently is the fund's first major investment switch since Dale F. Frey, GE's former treasurer, replaced Edward H. Malone as trust investments vice president and head of the fund.

Mr. Bunch said that without the dedication, GE's 1984 contribution would have been $531 million, instead of the actual $502 million. Mr. Bunch said GE reports as a corporate expense the same amount as its pension contribution.

However, employee contributions to the pension trust, totaling $101 million, were unaffected by the dedication.

In 1983, the company and its employees contributed, respectively, $545 million and $87 million.

GE's report said, "If the dedication had not occurred, the present value of benefits at the end of 1984 would have been $580 million greater."

GE still reported an increase in liabilities apparently caused by other factors. Its liabilities at Dec. 31, using a 7.5% discount rate, were $9 billion, up from $8.5 billion a year earlier.

The report said the 13.4% dedication yield, however, influenced the cut in liabilities and contributions.

By dedicating, in general, a plan matches certain assets (the dedicated portfolio) to certain liabilities (some retiree payments). It buys bonds so cash inflows from coupon income and maturing principal matches as closely as possible the periodic outlays required to pay retirees. GE of course is using zeros, which have no coupons and thus carry no reinvestment risk. ■

C2710-2

Study prompts soft-dollar questions

NEW YORK — Leading block-trading houses on Wall Street execute even "easy" trades more efficiently than smaller brokerage houses, a new study shows.

The results of the study seem to throw into question the practice of some pension funds and money managers directing all or part of their trading to smaller brokerage concerns for lower commission costs and rebates or the provision of services paid for by the broker.

The Securities and Exchange Commission and the Department of Labor have been examining the use of soft dollars by money managers and their pension clients for the purchase of research and other services.

In a soft-dollar transaction, a pension fund or a money manager directs trading activity through a broker. The broker agrees to use part of the commission generated by the transaction to pay for a service needed by the pension fund or the money manager.

The study, if accepted by the SEC and the Labor Department, would make it difficult for pension funds and their money managers to justify soft-dollar payments through second-line brokerage firms, and for consultants and outside research firms to receive payments in soft dollars.

However, some traders have raised questions about the study's methodology.

The study — conducted by Gilbert L. Beebower, senior vice president of SEI Corp., for Donaldson, Lufkin & Jenrette Inc. and Goldman, Sachs & Co. — showed that even in easy trades, the market impact was substantially greater when carried out by smaller brokerage firms than when carried out by a large block-trading house.

The market-impact cost advan-

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Late news

Groo to leave firm

NEW YORK — Lawrence Groo, a partner and key portfolio manager at Forstmann-Leff Associates, will leave April 30 to launch his own investment management firm.

Mr. Groo has run both equity and balanced portfolios for the $4 billion money management operation.

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Pensions & Investment Age

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Value of Conrail ESOP shares unclear

By Joel Chernoff

WASHINGTON — While the federal government might reap $1.2 billion in cash from selling its 85% interest in Conrail to Norfolk Southern Corp., participants in Conrail's employee stock ownership plan might not get a nickel for their 15% of the company.

Giving the 79,700 participants nothing for their 15% interest might seem far-fetched, but one source insisted it is a serious option.

Regardless of whether the concept is just another salvo by opponents of Conrail's sale or a real possibility, there are serious fiduciary issues raised in the valuation of the ESOP stock and how the rights of participants are affected.

Even under the best possible scenario now being weighed, participants apparently would not receive the value of Conrail tax credits to be surrendered by Norfolk Southern in setting the value of their shares.

In addition, if the transaction proceeds as planned — which might be a lot to assume given obstacles in Congress — the participants never would have any say in the matter, either before or after the deal is consummated. In addition, some might not be represented in negotiations concerning the plan's value.

In a separate issue, several senators also have raised concerns that Norfolk Southern would terminate Conrail's pension plan for salaried employees, which has an estimated surplus of $250 million.

Given the attention being paid to antitrust and tax issues in the proposed deal, the issue of the Conrail ESOP virtually has been ignored.

"There is a significant question of what the old ESOP is worth," said Brian Freeman, financial adviser to the Railway Labor Executives Association, which represents organized rail labor.

"Certainly there is a fairly wide range and there are substantial issues as to what that value might be," commented an official at the Department of Transportation's Federal Railroad Administration, which is selling Conrail.

The official said the RLEA and Norfolk Southern are negotiating the terms of the valuation, which would be subject to a review by a special court. However, he declined to comment on specifics, for fear of upsetting the negotiations.

A spokesman for Norfolk Southern declined to discuss the valuation issues, but noted the firm is committed to spend $375 million to buy out the employees' interest, redeem previous wage concessions and ensure employee rights to buy future stock.

However, no breakdown of the $375 million total has been made, he said.

Philadelphia-based Conrail, which prefers taking the company public, declined to comment on the ESOP provisions.

Under 1978 legislation, Conrail was required to set up the ESOP in return for a $345 million federal investment. In 1980, the company contributed 4,411,760 shares of

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General Dynamics' plan

Treasuries a key

By Richard J. Gillespie

ST. LOUIS — General Dynamics Corp., a company that sells almost exclusively to the U.S. government, does a lot of business with Uncle Sam when it comes to investing — holding more than $1 billion in U.S. government securities.

Most recently, General Dynamics put 60% of its $1.8 billion pension fund into bonds, $350 million of it into Treasuries in an actively managed laddered portfolio.

(The company's $1 billion employee savings plan has $300 million in U.S. government securities, invested at the employees' discretion.)

"We have got an approach that we think is the right way to go, recognizing that we are a government contractor and we tend to be risk averse," said John P. Maguire, vice president and secretary.

"But whether anybody can write an article saying this is a solution to other people's problems, I think is wrong. We are just trying to evolve a solution to our particular problems."

"We started out on the premise that we cannot forecast interest rate trends and so we decided to set up a 10-year laddered portfolio with 10% of the funds maturing every year," said Charles D. Walbrandt, staff vice president for employee benefit trust funds.

"So whether the general level of interest rates is up or down, we will be on a middle course."

The solution General Dynamics pension fund managers found is unique in the trillion-dollar pension fund industry, according to Gifford Fong, president of Gifford Fong Associates, a bond management consultant.

Eschewing the perils and rewards of interest rate forecasting, the General Dynamics plan set up a $350 million core bond portfolio last fall, with the assets divided equally among each of 10 annual maturity categories of from one to 10 years.

Within each of the 10 maturity categories, the bonds are traded actively based on strict value parameters provided by a term

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Starting the new job June 1 "at a run instead of a crawl."

— Greta E. Marshall

California PERS selects Marshall

By Steve Hemmerick

SACRAMENTO, Calif. — Greta E. Marshall has been signed to a three-year contract as investment manager of the $25 billion California Public Employees' Retirement System.

Ms. Marshall, president of BayBanks Investment Management, Boston, said she will start her new job — a post that had been vacant for more than two years — June 1 "at a run instead of a crawl."

She will earn $125,000 a year base salary plus a bonus of up to $25,000 the first year of the contract, $50,000 the second year and $75,000 the third.

Some observers view her hiring as a sign that the nation's third largest pension fund will continue to run the bulk of its assets in-house. Ms. Marshall said she generally favors in-house management for large pension funds, and is "amazed" more of them don't manage their assets internally.

Before joining BayBanks 16 months ago, Ms. Marshall was manager of about $1.5 billion in pension assets for Deere & Co., Moline, Ill.

Support for in-house management also has come from Wilshire Associates, the fund's consultant, which just issued a report indicating at least 70% of assets should remain in-house. Wilshire has been doing an asset allocation study for the fund.

The study also calls for some spe-

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When is a zero not a zero?

By Barry B. Burr

News analysis

Wertheim & Co.'s filing with the Department of Labor seeking permission to contribute a "zero-coupon note" to its own pension plan has raised a number of questions about the investment.

- Is a 35-year note that has semi-annual payments over 20 years a zero-coupon security? Wertheim said it is.
- Does it lock in a yield? Moore Juran & Co., engaged by Wertheim as an independent fiduciary and appraiser, also calls the note a zero-coupon security and claims it locks in a return, avoiding reinvestment risk.
- How involved are pension investment committee members with the investments? At least three of the five members of Wertheim's pension investment committee said they were unfamiliar with the proposed transaction.
- Is a fiduciary a fiduciary if it doesn't know it is one? At Moore Juran, Michael G. Dunn, senior vice president, said, "I don't know what an independent fiduciary is."
- How closely does the Department of Labor examine exemption proposals? Two DOL officials didn't question the use of the description of the note as a zero or as locking in a return.

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2 new venture capital deals attract pension fund assets

By Steve Hemmerick

Several pension funds have committed assets to two different venture capital funds at a time when investment in that area is seen by some as more cautious than in the past.

The Federal Express Corp., Burroughs Corp. and General Electric Co. pension funds committed, with many other limited partners, $178 million to a new venture capital fund formed by Welsh, Carson, Anderson & Stowe.

Sources said other participants included Minnesota Mining & Manufacturing Corp. and Prudential Insurance Co. of America; neither used pension fund money.

Several other unidentified pension funds, insurance companies and endowments committed assets, but Pat Welsh, a general partner with the New York-based venture capital group, declined to name any of the investors.

On the other side of the country, Crosspoint Venture Partners, Mountain View, Calif., attracted $42 million from the Sears, Roebuck & Co. pension plan and General Electric Venture Capital Corp., among others, to its second fund.

Other pension and tax-exempt money to the Crosspoint fund came from investment advisers, such as First Chicago Investment Advisors, Chicago; Investment Advisers Inc., Minneapolis; and Wolfensohn Associates, New York.

A Sears spokesman would not comment on the pension fund's investment. Sears was estimated to have committed about $1 million, as was Wolfensohn Associates, while First Chicago was estimated to have committed $2 million. Estimates from other firms were unavailable.

Other investors in the fund included Acacia Life Insurance Co., Washington, and four unidentified venture capital firms.

Welsh, Carson, Anderson & Stowe makes the majority of its investments in the East Coast in information processing and health care start-up companies; this is its fourth fund.

It also has participated in 11 leveraged buy-outs, primarily of midsized information processing firms being divested by larger companies.

While venture capital contributions might be declining, Jeffery O. Drinan, senior manager-trust investments for Federal Express, Memphis, Tenn., said it is difficult to time venture capital markets.

Mr. Drinan said that if someone were trying to time the market — and he stressed he is not — he believes now might be a good time to do so because venture capital deals aren't overpriced as they were 18 months ago or so.

The commitment to Welsh, Carson's fourth fund was the first venture capital move for the $85 million pension fund at Federal Express, a company considered a major venture capital investment success itself in the early 1970s. The amount was undisclosed.

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Cash holdings still dropping

By Fred Williams

Money managers continued to draw down cash reserves in their equity portfolios during the first quarter of 1985, and guessed correctly by investing in some of the best-performing market sectors.

According to statistics compiled by INDATA, a Connecticut-based investment analysis firm, cash reserves dropped to 6.3% at the end of March from 7.6% at year end 1984, the low for that year.

At one point during the quarter, cash reserves reached 5.8%, nearing the all-time low of 5.4% hit in September 1976, INDATA statistics show.

The INDATA research, which covers 1,063 portfolios with a value of approximately $103.6 billion, also found more money managers — but still a minority — outperforming the benchmark Standard & Poor's 500 stock index.

For the quarter, 45% of investment managers outperformed the S&P; for the 12-month period ended March 31, about 41% of managers beat the market. Only 30% outperformed the market in 1984.

One reason for the improved performance by investment managers might be that they were overweighted in some of the better performing stock sectors for the quarter, even though they were underweighted in the best-performing sector — energy. The S&P index was up 9.2% for the first quarter.

According to INDATA, portfolio managers held an average of 10.4% in financial institutions, while the S&P had a 6.6% weighting in financial stocks. Financials were up 11.9% for the quarter.

Another sector in which money managers were overweighted was consumer cyclical stocks; they made up 17.6% of institutional portfolios and only 15.8% of the S&P. The consumer

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EDS asks exemption for purchase

By Fred Williams

DALLAS — Electronic Data Systems Corp. is asking government approval of a 1984 transaction in which General Motors Corp. used its common stock and notes to purchase EDS stock from two employee benefit plans as part of the merger between EDS and GM.

Trustees of the two EDS plans are seeking an exemption from the Employee Retirement Income and Security Act's prohibited transaction between a plan and a party in interest.

GM and EDS agreed in August 1984 to a merger plan in which the automaker would acquire EDS for $2.6 billion.

As part of the merger agreement, GM formed a wholly owned subsidiary to acquire 100% of the outstanding EDS stock. GM entered into a separate agreement with top EDS officers, including H. Ross Perot, founder and chairman of the board, to purchase their EDS shares, which amounted to about 29 million shares, or about 49% of the outstanding EDS stock.

That agreement came just before the merger. The rest of EDS' shareholders were given two stock purchase agreement choices.

Shareholders were given the option of accepting a flat $44 for each EDS share or $35.20 in cash per share and fractional shares of a new class of GM common stock and fractional interest in GM notes issued in connection with the merger.

EDS' $54 million defined benefit pension plan held about 142,000 shares valued at about $4.4 million, and the $5.8 million EDS 401(k) plan held about 52,277 shares valued at about $1.6 million.

Prior to the effective date of the merger, EDS plan trustees hired MBank, Dallas, as an independent fiduciary, giving the bank the authority to dispose or retain EDS stock held by the two benefit plans. The bank also was empowered to make decisions relative to voting for or against the merger and to choose which option to receive in payment for shares held in the plans.

Bank officials determined it was in the best interest of plan participants to vote for the merger. Bank officials selected the payment option involving GM cash, stock and notes.

A Department of Labor spokesman said that had the stock purchase been conducted strictly on a cash basis, an exemption from ERISA regulations would have been unnecessary and the transaction would have been covered "by statutory exemptions."

"But since they paid in cash, notes and shares, and after the sale GM became the plan sponsor, in effect it looks like it involves the extension of credit from the sponsor to the plan. A note involves a continuing liability and shares of stock, which may be all right, but an exemption covers that too," he said.

"They made sure an independent fiduciary evaluated the options and made sure the consideration given to plan participants was not less than anyone else got."

Participants in the 401(k) plan were offered the opportunity to vote on the merger by proxy before MBank became independent fiduciary. Participants holding 36,371 shares voted in favor of the merger and 2,115 shares voted against, while 421 shares were directed to abstain.

Neither GM nor EDS officials commented by press time. ■

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Late news

Simmons ruling

PEORIA, Ill. — Takeover specialist Harold Simmons breached ERISA regulations by using pension assets to help buy a company, a federal judge has ruled.

Mr. Simmons, a director of Keystone Consolidated Industries Inc. here, used $15 million from the Keystone Master Pension Trust to acquire stock in Amalgamated Sugar Co., Ogden, Utah, in 1982. Six pension plan participants sued in 1983, charging him with misuse of plan assets.

District Judge Michael M. Mihm ruled Mr. Simmons and his co-defendants violated the Employee Retirement Income Security Act by failing to act for the exclusive benefit of pension plan participants and beneficiaries, failing to act prudently and making prohibited transactions. The ruling will not be final until he issues a memorandum opinion, sometime after April 24.

Continental cuts 5

STAMFORD, Conn. — Continental Group Inc., with roughly $1.1 billion in its pension and employee benefit funds, has terminated at least five of its outside money managers, according to sources.

The move apparently is the result of the company being acquired by the Kiewit/Murdock Investment Corp. last year.

Equity accounts with Lord Abbett & Co., Jennison Associates Capital Corp., and Vilas Fischer Inc., all in New York, were liquidated, along with international equity accounts with Morgan Grenfell Investment Services Ltd., in London, and Rowe Price-Fleming International Inc., in Baltimore. The amounts were not revealed.

Exemption expanded

WASHINGTON — The Department of Labor has expanded a class exemption from prohibited transaction rules allowing pension plans to purchase certain money market instruments from parties in interest to the plan.

In 1981, the department allowed plans to invest, under certain conditions, in bankers' acceptances, commercial paper and certificates of deposit issued or held by parties in interest.

Now, plans also can enter into repurchase agreements with dealers of bankers' acceptances that report daily to the Federal Reserve System. In addition, plans can buy any security issued by a commercial bank or its affiliate where the bank is a party in interest solely because of providing checking sources to the plan.

IRS issues proposal

WASHINGTON — The Internal Revenue Service has proposed rules governing tax treatment of deferred compensation plans for foreign branches or subsidiaries of U.S. firms.

The proposal, issued after a 4½-year wait, is particularly tough on foreign book reserve plans, which require liabilities to be booked but paid only when due, according to Kwasha Lipton, a Fort Lee, N.J.-based benefits consultant.

Reserve plans must use the unit credit method in actuarial calculations and cannot include expected salary increases. In addition, effects of plan amendments, experience gains and losses and other changes must be amortized over 10 years.

N. Ireland plan OK'd

NEW YORK — The trustees of the more than $8 billion New York City Employees Retirement System unanimously approved a resolution to help fight discrimination in Northern Ireland.

The resolution, which calls on corporations to sign the MacBride Principles, relies on proxy resolutions to ensure compliance.

Personnel moves

• PASADENA, Calif. — William J. Chadwick and Nori Gerardo are resigning from the Los Angeles-based law firm Paul, Hastings, Janofsky & Walker to join Public Storage Inc. May 1 to market the firm's mini-warehouse properties to institutional investors.

• NEW YORK — Kevin Sullivan, vice president of the executive search firm of Handy Associates, has left to become a partner at Warren Management Consultants, a financial services recruiting firm.

• DEARBORN, Mich. — Kenneth C. Merrill has been named to replace Robert C. White as head of investments for the $12.5 billion Ford Motor Co. retirement plans. Mr. White retired April 1.

• WASHINGTON — Mark O. Decker has been named executive vice president of both the Pension Real Estate Association and the National Association of Real Investment Trusts. He replaces Mercer L. Jackson, who resigned.

Cash Management

Bank trust divisions getting closer look

By Richard J. Gillespie

The cash management practices of bank trust departments are coming under new scrutiny.

• The comptroller of the currency is conducting a survey of such practices.

• A recent court ruling found Bank of America did not violate its fiduciary duty in the way it handled the cash balances of trust customers.

• Cash management in bank trust departments was the subject of a study published recently by bank consulting firm, Littlewood, Shain & Co. in Wayne, Pa.

(A spokeswoman for the comptroller's office said the survey was unrelated to the Bank of America case.)

"It seems to be that there is an awareness now of what is going on in the trust department," said David Bojanic, a banking analyst at Littlewood, Shain, citing the introduction of defined float policies at some institutions.

While corporate customers and employee benefit plans long might have had specific guidelines governing the bank's use of float on idle trust cash balances, personal trust clients generally have not had any kind of guidelines to work from, he said.

"That is not to say that there is anything wrong going on, because in the Bank of America case, the judge found both positive and negative float," he said.

More than 100 bankers got questionnaires from the comptroller's office earlier this month, asking them to document cash management practices.

Ellen Stockdale, deputy director of communications at the comptroller's office, explained the survey was not prompted by any suspicion of widespread abuses in the cash management practices of bank trust departments.

Ms. Stockdale said the comptroller did not expect the survey to turn up anything dramatic, but that the office had found in the past that banks had not always complied with regulations governing how they should handle cash awaiting investment.

"What we have found was not so much abuses, (but) mostly the kinds of difficulties you would expect — largely oversight and not in the sense of consistent practices," she said.

"We just decided it was worthwhile to survey some of our institutions to see if they had any difficulty understanding what we wanted them to do, or whether they had policies in place that were not sufficient to get them to comply with the regulations we made in 1982."

In July 1982, the comptroller's office issued a regulation requiring banks to invest all the cash from trust account principal and income in instruments that paid the maximum interest rate for short-term trust-type investments.

"What most of them do now is put them in money market deposit-type accounts, and the rates on SuperNow accounts are comparable," she said. She added that with the options available today, it no longer is acceptable for a bank to keep the money invested in a regular savings or NOW account, which pays only 5.25%.

"As long as there are not limitations on the trust that say cash can only be invested in Treasury securities, we expect cash to make a market rate of return," she said.

Also, she said the comptroller's office had not found any consistent pattern of problems where banks execute securities purchases and sales on behalf of trust clients, although she did say that in certain cases, money was found not to have been invested properly.

Survey results are not expected for several months because some of the questionnaire requires a considerable amount of "back work," she said; the answers to some questions require data going back to 1982.

In the recently concluded Bank of America case, Ted E. Van De Kamp vs. Bank of America, California Superior Court Judge Lester E. Olson found the bank did not breach its duty as trustee.

It took 190 hours of trial time, 4,810 pages of testimony and 1,439 exhibits to establish a record before the court could conclude the bank's cash management and float allocation practices were not wrongful to its beneficiaries.

Specifically, Bank of America engaged in three types of trust cash management practices that the plaintiffs alleged were wrongful.

• Bank of America had pooled and used idle trust account cash balances for its own benefit rather than that of beneficiaries, retaining

Continued on page 28

Short-term index to run in P&I Age

A new index to be published in *Pensions & Investment Age* will make it possible to judge the performance of short-term investment managers on a total return basis.

While bond and equity managers are judged partially on their ability to generate capital gains or protect clients against capital losses, their counterparts in short-term investment management only have had to beat yields.

This situation came about because most cash managers traditionally bought cash instruments to hold to maturity. As a rule, the only times cash investments were liquidated before maturity was when there was an urgent need to generate hard cash.

In many instances, a short-term investment manager's ability to produce returns is severely constrained by the corporation's demand for cash flow.

During the past few years, however, short-term investment management has evolved. Today, there exists a new breed of short-term investment manager who, like their counterparts in the bond and equity management industries, will take advantage of major market moves wherever possible.

Many short-term investment managers are given a portion of a portfolio and the responsibility to invest it for a short, but predetermined, time to maximize profits and protect the principal.

Like bond managers, they buy and sell instruments in order to exploit market discrepancies. Unlike many corporate cash managers, the short-term managers have no built-in desire to hold any particular security until maturity.

Because the short-term manager pits analytical skills against the vagaries of the market in the same manner that bond and equity managers do, it is appropriate that he or she be judged by the same standards.

In this and future editions, *P&I Age* will feature a performance measurement index for investment managers, and others, to help them evaluate short-term investment performance.

This index, actually a table of indexes, will be compiled by the Los Angeles firm Payden & Rygel, which specializes in short-to-intermediate-term investment management both for excess corporate funds and specialized pension fund management.

The Payden & Rygel index is intended to be a short-term investment benchmark and offers total returns on a variety of short-term instruments rather than the initial yields provided by other short-term investment tables.

Because it focuses on total returns, it can give corporate cash surplus managers a feel for the volatility of the short-term investment markets as well as for their ability to beat the market where they trade actively.

Payden & Rygel index of short maturity assets*

(For month ending March 31, 1985)

	Quarter Ending 12/31/84	March 1985	Quarter to date	Year to date	Yield level monthly change**
	Annualized total returns				
90 Day					
U.S. Treasury bill	11.52	9.79	8.24	8.24	–23
Domestic C.D.	11.83	9.70	8.29	8.29	–31
Eurodollar C.D.	12.29	10.14	8.39	8.39	–39
180 Day					
U.S. Treasury bill	14.22	10.96	8.28	8.28	–55
Domestic C.D.	14.46	11.94	7.82	7.82	–48
Eurodollar C.D.	14.53	12.36	8.22	8.22	–50
1 Year					
U.S. Treasury note	18.30	12.28	8.35	8.35	–23
2 Year					
U.S. Treasury note	25.72	15.55	7.30	7.30	–23

*Figures are annualized total returns. Quarter-to-date and year-to-date figures linked monthly. 90 and 180 Day Treasury bill yield level changes on discount basis.

**Basis points.

Source: Payden & Rygel, Los Angeles, Calif.

Consider the final quarter of 1984. The annual effective yield on 180-day Treasury bills was 11.06% Sept. 30, but a short-term investment manager who bought a 180-day T-bill for sale at year-end would have produced a total return more in the order of about 14.22% because interest rates declined during the period.

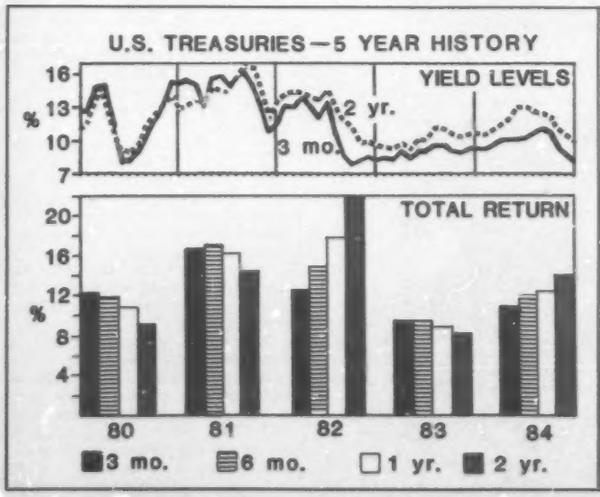
The total return the manager achieved will not exactly match the Payden & Rygel 180-day T-bill index for the period because the index is a constant maturity aggregate, constructed from the linked monthly returns.

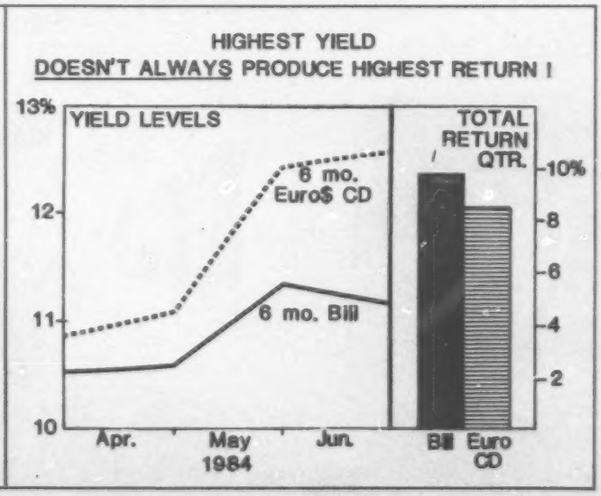
But it is a far more accurate indicator of the performance of a treasury portfolio with an average maturity of 180 days than a simple yield.

Likewise with the one-year Treasury note, a short-term investment manager purchasing this security Sept. 30 and liquidating it at year end would not have returned the 11.43% annual effective yield recorded Sept. 30, but a return more in the order of a whopping annualized 18.39%.

Most dramatic of all, had the manager bought the two-year Treasury note Sept. 30 and sold it at year end, he or she would not have produced the annual effective yield of 12.07%, but instead enjoyed a

Continued on page 30





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Short-term index . . .

Continued from page 27

total return around 25.72%.

The discrepancy between simple yields and total returns on Treasury and bank securities are plotted in the accompanying graphs, while the table indicates the total returns in most recent periods. The last column of the table shows the basis-point change in current yield during the period chosen.

At the same time, the Payden & Rygel Index provides a common denominator for measuring the return on a portfolio containing instruments of varying maturities.

If, for example, a money market fund portfolio had 10,000 different investments of maturities ranging from overnight to two years, by what yield should that portfolio be judged other than by other money market funds?

If the same portfolio had an average maturity of 90 days, then the Payden & Rygel 90-day Index would provide a yardstick for measuring the performance of the whole portfolio.

Another advantage of the Payden & Rygel Index of Short Maturity Assets is that it shows total returns on various cash instruments with a variety of different maturities, and therefore provides a comparable basis for measuring returns of short-maturity assets in relation to equities and long-term bonds.

The choice of U.S. Treasury instruments eliminates factors that might account for fluctuations in the value of other short-term instruments, such as a change in marketability or credit rating. Bank issues were included because they are widely held and represent domestic and Eurodollar markets.

The total rate of return of any short-term asset is determined by four factors: interest rates; the shape of the yield curve; the passage of time; and credit perceptions.

The Payden & Rygel Index eliminates the effect of "riding the yield curve" by assuming a constant maturity for each instrument on a monthly basis. The following is an example of the index methodology using the six-month T-bill.

To calculate the return for the six-month T-bill, the dollar price at the end of the previous month is used as a starting point. The yield of a six-month bill is derived from the month-end market price calculated through a formula that "shortens" the maturity by the number of days in that particular month.

The price of the bill at the previous month-end is subtracted from the derived price and the result is then divided by the price of last month's six-month bill to calculate a percent total return.

This process is repeated each month to produce a series of monthly returns that are chained together to provide quarterly, year-to-date and annual rates of return.

The Payden & Rygel Index of Short Maturity Assets will be run in each issue, but the information will be provided only on a monthly basis. ■

Practices . . .

Continued from page 28

In the Littlewood, Shain study, the firm found "float is a problem in every trust department of every size."

"Few trust departments perform any type of float analysis, and many do not currently have the necessary computer ability," the study said.

"Therefore, while the trust department is examining its internal work process float, it should simultaneously be updating its computer systems . . ."

"It is Littlewood, Shain's opinion that float allocation will become a requirement, although initially it probably will be in the form of an approximate allocation," the report continued.

"Regardless of the float allocation outcome, it is imperative that the trust department perform some type of float analysis for pricing and costing purposes."

In a subsequent interview, the writer of the report, Mr. Bojanic, said it is costly for a bank to install a computer system capable of allocating float interest on cash balances, and with smaller trust clients, the additional income received from self-pooling probably does not make it worthwhile.

"The bank's argument is they could pool the accounts, but for a computer to remember the reallocation process by which funds are transmitted back to the original account with interest, would be cost prohibitive for most trust departments," he said. ■

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Corporate Finance

Company takes the offensive

By Barry B. Burr

PALO ALTO, Calif. — Using an increasingly leveraged balance sheet, CooperVision Inc. is embarking on what analysts see as an aggressive acquisition program.

Last month, it raised $200 million by selling 8½% convertible debentures, priced at par (*Pensions & Investment Age*, March 18).

"The issue is large for the size of the company," said Jonathan M. Frank, senior industry analyst, Value Line Inc., New York.

The debentures lifted CooperVision's long-term debt to about $294 million from about $94 million at year end.

CooperVision's debt-to-capitalization ratio rose to about 61% from about 35% last year.

"I think they are very aggressive financially," said Ruth Alon, analyst, Montgomery Securities, San Francisco.

The two major rating firms, Standard & Poor's Corp. and Moody's Investors Service, rated the recent convertible issue BB– and Ba2, respectively, both speculative grades, partly because of CooperVision's highly leveraged balance sheet.

Despite the ratings, "There was a lot of interest in those bonds because of CooperVision's potential," said Mr. Frank.

Plus, CooperVision's issue hit the market at a time of generally rising stock prices and falling interest rates, said Robert V. Mahoney Jr., CooperVision's vice president and treasurer.

"It was a great opportunity for us to get some attractive financing," he said. "We obviously don't need the money for capital expansion. We plan to make acquisitions with it."

He said CooperVision will use about $70 million of the issue to pay off other debt, about $20 million for working capital, leaving the rest for acquisition.

CooperVision Inc. capital structure

Year	Total debt ($ millions)	Total debt/ capital
1985*	$ 260.0	61.0%
1984	86.2	35.2
1983**	34.3	19.8
1982	80.8	58.0
1981	62.8	57.7
1980	22.5	39.6

*CooperVision estimates.
**CooperVision went public in January of 1983.
Source: Standard & Poor's Corp. for data from 1980 to 1984.

"You have to assume an aggressive acquisition strategy," said Joseph E. Millsap, vice president, L.F. Rothschild Unterberg Towbin, San Francisco. "Frankly, this company is on a fast growth track."

Mr. Millsap said the debt issue provided CooperVision with a war chest for acquisitions.

"It's positioning itself for major growth," he added.

The Nestle Co. Inc. tried to acquire CooperVision after it was spun off into a separate company by Cooper Laboratories Inc. in 1983. But Mr. Millsap said the Justice Department stymied the deal.

He noted CooperVision's increasing leverage isn't a strategy to fend off other potential suitors.

"It's not a defensive move," he said. "In fact, it might make CooperVision more attractive, providing the money is spent on lucrative acquisitions."

Aside from acquisitions, Mr. Mahoney said CooperVision will spend about $13 million on capital projects in 1985, up slightly from the $12.9 million last year.

Its net income from continuing operations was $26.4 million last year, up from $20.1 million in 1983.

It generated $36.8 million in cash from operations last year, up from $27.2 million in 1983. ■

Zero-coupon convertibles

Issue might be a first

By Barry B. Burr

OAK BROOK, Ill. — Waste Management Inc. plans to raise $100 million through what might well be the first offering of zero-coupon convertible debt.

The company filed the offering of convertible subordinated debentures with the Securities and Exchange Commission at the beginning of the month.

The timing of the proposed issue coincides with a new accounting test over whether to treat zero-coupon convertibles as common stock equivalents for a company's earnings per share computation (*Pensions & Investment Age*, April 1). The Financial Accounting Standards Board decision to implement the test apparently opens the way for other issues.

Merrill Lynch Capital Markets, designer of the Waste Management zero-coupon convertibles, said it already is discussing similar issues with other companies.

Two other investment bankers, First Boston Corp. and Morgan Stanley & Co., also have been working on developing zero-coupon convertibles.

As soon as the SEC approves the registration statement, said Harold Gershowitz, senior vice president, Waste Management hopes to sell the convertibles around mid-April.

Mr. Gershowitz cited two reasons for Waste Management deciding to issue the zero-coupon convertibles.

For one, the company wants to reduce the large amount of variable-rate debt on its balance sheet. About 61% of its $489 million in long-term debt is variable rate.

For another, Waste Management hopes to capitalize on the popularity of zero-coupon Treasury securities for individual retirement accounts. It is marketing its new zero convertibles to the retail market.

Merrill Lynch designed the securities, called liquid yield option notes, or LYONs.

The issue has been in the works since late last year, said John J. Cull, Waste Management's controller. But the company held up the filing awaiting the FASB decision on accounting for zero-coupon convertibles.

The new FASB treatment allows for an effective yield test as opposed to a cash yield test in deciding whether convertibles are common stock equivalents. Convertibles, generally, are considered common stock equivalents if their yield is less than two-thirds the prevailing average double-A corporate bond yield.

Zero-coupon convertibles, because their yield accrues, might have been regarded as common stock equivalents under the previous cash yield test and thus subject earnings to dilution.

"Under the recent FASB rule, they are not considered stock equivalents," Mr. Cull said.

"That ruling was a key to our decision to issue the zeros now."

Trying to attract individual investors, he said Waste Management plans to offer the securities in units of $1,000 principal, expecting them to sell at $250 each, providing a yield to maturity of 9%. In all, Waste Management will have to pay back $400 million in principal and accrued interest in 2001 when the debentures mature.

"We're betting over the next 16 years that (9%) will be an attractive rate," Mr. Gershowitz said.

Investors receive only maturing principal, no periodic interest payments from coupons. The difference between the discount price and the face value represents the accruing interest.

To protect investors against market price declines, Mr. Gershowitz said the LYONs carry a put, allowing holders to sell the security back to Waste Management. Holders can put the zeros beginning in 1988 at a 6% accrued yield, rising to 9% in 1991.

"The put feature puts a floor under the (market) price should investors not choose to hold them to maturity," he said.

Mr. Gershowitz said the securities will convert at a price of 110% of the market price of Waste Management's common stock on the date of the their sale.

Although the 10% conversion premium appears low, Mr. Gershowitz doesn't expect holders to convert immediately should Waste Management's stock rise.

If they did, he notes, holders would give up the 9% annual yield for a stock now with a dividend yield of about 1.5%.

Merrill Lynch officials said Waste Management is the first to file to offer such securities.

Continued on page 77

Corporate notes

2 reasons, 1 result

The Chubb Corp., New York, and Travelers Corp., Hartford, Conn., both went to the market with similar issues of convertible exchangable preferred but for different reasons.

Because of its tax-loss status, Chubb chose to issue $150 million in convertible exchangeable preferred stock over more conventional convertibles.

The issue gives Chubb the option of exchanging the convertible preferred for convertible subordinated debentures after three years.

Glenn A. Montgomery, assistant vice president, said the choice of the exchangeable securities over other types of securities was tax motivated. He said Chubb hasn't had to pay corporate income taxes, hence the decision to issue the convertible preferred.

"If we pay taxes, it would make sense to exchange the preferred stock for convertible debentures," he said, adding Chubb could then take advantage of the deductibility of interest and thus lower its interest costs.

"Chubb hasn't paid taxes in two or three years," Mr. Montgomery said. He said the tax status was the result of losses in the property and casualty underwriting business.

Goldman, Sachs & Co., New York, was the lead underwriter.

The preferreds are exchangeable into the debentures, maturing in 2010, at Chubb's option on any dividend date after three years. The debt would carry the same $50 par value and 8½% coupon and the same convertible feature. The issue is convertible into 0.722 shares of common, or at a price of 69¼, a conversion premium of about 21%.

At Travelers, Nancy Reiss, assistant director-financial relations, said its $200 million in convertible exchangeable preferred had nothing to do with taxes.

Morgan Stanley & Co., New York, was the lead underwriter for the issue. The 8.32% issue sold at $50 par.

Travelers may not redeem the issue for two years. After three years, it can exchange the issue into convertible subordinated debentures with the same conversion privilege. It is convertible into 0.975 shares of common.

Ms. Reiss said Travelers issued the convertible exchange preferred to boost the equity on its balance sheet.

Western in market

LOS ANGELES — After selling

Continued on page 74

New issues volume (U.S.)
(Jan. 1 — March 31, 1985)

	Amount ($ millions)	Number of issues
Straight debt	$14,337.0	201
Convertible debt	1,397.5	26
Common stock	4,237.4	126
Preferred stock	500.0	7
Convertible preferred	544.8	8
Total financings	$21,016.7	368

Source: IDD Information Services.

Domestic issues lag foreign in 1st quarter

By Marci Baker

NEW YORK — Non-U.S. new-issues volume outstripped the volume of domestic offerings by almost $16 billion in the first quarter.

According to numbers released by IDD Information Services, offerings outside the United States totaled $37 billion in the first three months. At the same time, issuers came out with offerings in this country of just more than $21 billion.

Credit Suisse First Boston Ltd. led other underwriters in market share on the non-domestic front, while Salomon Brothers dominated in the United States.

The London-based Credit Suisse captured 11.4% of the overseas new-issues market, acting as lead manager on $4.2 billion, according to IDD. Merrill Lynch Capital Markets grabbed the No. 2 spot with a 6.8% market share, managing $2.5 billion in non-domestic financings. Salomon ranked third, managing $2.4 billion for a 6.5% market share.

Salomon, however, continued to hold its strong position for U.S.-based new-issues volume. The firm managed $5.2 billion in the United States for a 24.7% market share. First Boston Corp. followed with $4 billion or 19.2% of the market. Merrill Lynch placed third, managing $2.4 billion or 11.7% of the market.

One big shift in the first-quarter domestic lineup was Drexel Burnham Lambert Inc.'s slide to seventh place from second in 1984. Drexel underwrote just more than $1 billion in the first three months of this year.

Observers attributed the investment banker's drop in the rankings to a slowdown in junk bond financings. First-quarter volume for new high-yield issues was just less than $2 billion. That's down from $2.4 billion in the first quarter of 1984 and $6.6 billion in the fourth quarter of last year.

Overall, first-quarter volume for U.S. offerings increased 17.3% from the $17.9 billion generated during the same period in 1984. Still, the pace was slower than it was at year end; the latest figures represent a

Continued on page 76

Ten largest underwriters*
(Jan. 1 — March 31, 1985)

Domestic offerings	($ bil.)
Salomon Brothers	$5.19
First Boston	4.04
Merrill Lynch	2.45
Goldman, Sachs	2.22
Shearson Lehman	1.74
Morgan Stanley	1.26
Drexel Burnham	1.00
Kidder Peabody	0.73
Paine Webber	0.43
Prudential-Bache	0.32
Non-domestic offerings	
Credit Suisse First Boston	4.20
Merrill Lynch	2.50
Salomon Brothers	2.40
Union Bank of Switzerland	2.00
Deutsche Bank	1.80
Morgan Stanley	1.70
Daiwa Securities America	1.64
Morgan Guaranty Trust	1.56
Goldman, Sachs	1.55
Nomura Securities Intl.	1.40

* Full credit to lead manager.
Source: IDD Information Services

New domestic issues lag . . .

Continued from page 73

23% decline from $27.3 billion in offerings registered during the fourth quarter of last year.

Likewise, first-quarter straight debt volume declined about 35% from that reported during last year's final quarter. It was flat against first-quarter 1984 volume, according to IDD.

Straight debt volume reached $14.3 billion for the three-month period compared with $14 billion for the first quarter last year and $22.3 billion for the fourth quarter.

Salomon Brothers led in this category as well, managing just more than $4 billion, or 28% of that market. The firm was followed by First Boston and Goldman, Sachs & Co., which underwrote $3.7 billion and $1.7 billion respectively.

While new issues declined from the previous quarter in the debt arena, common stock volume rebounded from its poor showing in 1984.

At $4.2 billion, common stock offerings were at their highest level since the fourth quarter of 1983. First-quarter financings also jumped 86.6% from the $2.3 billion offered in 1984's first quarter and 65.1% from the $2.6 billion reported for the fourth quarter.

Merrill Lynch was the frontrunner with $1.1 billion or 26.6% of the market to its credit. Salomon, which managed $970 million, and Morgan Stanley & Co., which underwrote $417 million, placed second and third respectively.

Merrill and Salomon won their common stock positions in part through their lead manager roles in many of the quarter's largest equity deals.

Merrill was lead underwriter for Commonwealth Edison Co., which at $282 million was the largest equity offering of the quarter. It also managed Public Service Gas & Electric's $182 million stock offering. Meanwhile, Salomon managed the $200 million-plus stock offerings by Loews Corp. and Maxicare Health Plans.

Salomon also was the lead underwriter for EQK Partners' $174 million initial public offering — the largest IPO for the quarter. The investment banker's role in the deal put Salomon in the No. 2 spot behind Merrill Lynch in the IPO underwriting rankings.

Salomon underwrote $194 million in two IPO deals, while Merrill was credited with four deals totaling $362 million. Third-ranked E.F. Hutton underwrote $104 million in three IPOs.

In the IPO after-market performance rankings, D.H. Blair & Co. Inc. took top honors, followed by Drexel, according to IDD. First-quarter IPOs managed by Blair had an aggregate after-market performance of 39%. Drexel's IPOs gained 17.5% for the period.

IPO financings overall totaled just more than $1 billion for the first quarter, slightly more than the $943.5 million generated during the fourth quarter of 1984. Still, IPO financings were off from 1984's first-quarter volume of $1.2 billion.

In the convertible debt arena, first-quarter volume reached $1.4 billion. Volume was down 14.5% from the fourth-quarter total of $1.6 billion. However, it was 177% greater than the $504 million in convertible debt offerings generated during the first quarter of last year.

Drexel grabbed the largest share of the first-quarter convertible debt market. It underwrote $375 million or almost 27% of the total. Shearson Lehman Brothers Inc. was second with $270 million.

Goldman, Sachs, which lead-managed $225 million for the quarter, placed third.

The leading manager for straight preferred stock offerings was Shearson Lehman, while Morgan Stanley led in convertible preferred financings.

Shearson managed four of the seven preferred stock deals of the quarter, taking $275 million of the $500 million issued.

Morgan Stanley, however, won almost 37% of the convertible preferred market with only one $200 million deal, according to IDD. PaineWebber Inc., which underwrote four of the eight convertible preferred offerings of the quarter, placed second with $180 million credited to the firm.

Convertible preferred financings as a whole totaled $545 million for the quarter, their highest quarter level since the third quarter 1983. ■

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—David Dunford
Senior Vice President and
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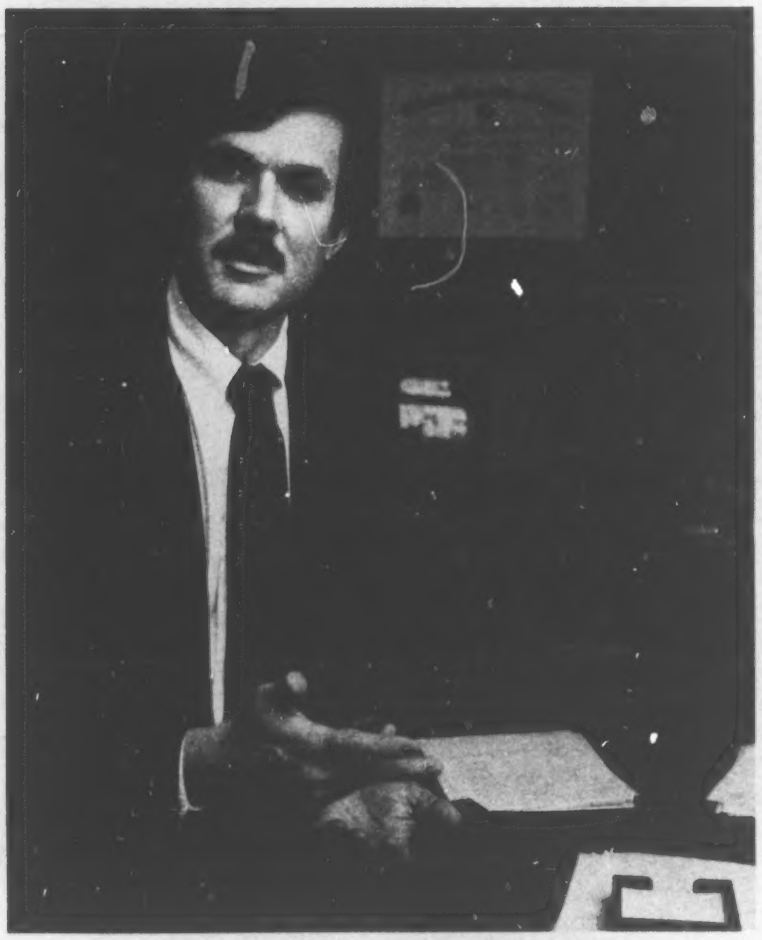

David Dunford, who is responsible for portfolio management of $3 billion in pension funds, mutual funds and insurance-related portfolios at The Travelers, knows the necessity of managing risk in today's unpredictable equity marketplace.

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"For portfolio managers, S&P futures are a valuable risk management tool. If there weren't S&P futures at the CME, we'd have to invent them."

To find out more about how David Dunford and others are using Standard & Poor's futures and options contracts at the Chicago Mercantile Exchange, ask your brokers for copies of "Inside S&P Futures" and "Inside Options on S&P 500 Futures." They can also show you videotapes featuring Louis Rukeyser that explain these important equity management tools. ■

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Convertibles bounce back

After a sluggish year, convertible debt issues have rebounded.

Analysts attribute the rise to a generally upward market and the increasing appeal of convertibles among investors looking for a less risky surrogate for common stock.

In the first quarter, there were 26 issues of convertible debt, totaling $1.4 billion, according to IDD Information Services Inc., New York.

The amount is more than double the 11 issues, totaling $504 million, in the same period last year.

Despite the rise, the latest quarter pales against the first quarter of 1983 when 31 issues, totaling $2.4 billion, were recorded.

In 1985, the convertible debt issues represent about 9% of all debt issued in the first quarter, according to IDD data.

By contrast, in the same period last year, convertible debt was about 3% of all debt issues; in the 1983 quarter, it represented about 17% of all debt issues.

Among recent issuers are Pep Boys-Manny Moe & Jack, $50 million; Cogenic Energy Systems Inc., $5 million; and Nordstrom Inc., $75 million.

"Across the board, there is a much greater awareness of convertible securities," said Mark Suvall, chief of the convertible department, First Boston Corp., New York. "There is more money going into convertibles and more demand, which allows issues to get a better deal.

"In general, the issues coming out this year have been priced aggressively," meaning favorable to the issuer.

Investors like convertibles as a means to participate in equity but dampening its volatility, Mr. Suvall added.

Referring to Nordstrom's issue, Bill Breitenstein, corporate controller of the Seattle-based company, said, "The market was right, especially for convertibles."

Nordstrom sold its convertible debentures, maturing in 2010, at par, yielding 7.5%. The issue converts at 46¼, for about a 24% conversion premium.

"We were very satisfied with the rate and the conversion premium," Mr. Breitenstein said.

First Boston, the lead underwriter, and Goldman, Sachs & Co., New York, handled the issue for Nordstrom.

Generally, issues of convertibles follow the general trend in the stock market, said Preston M. Harrington III, vice president of the fixed-income research department at Merrill Lynch Capital Markets, New York.

"The stock market was up sharply in the first month or so," he said. ■

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Pensions & Investment Age

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Federal termination policies challenged

By Joel Chernoff

WASHINGTON — The federal government's policy allowing employers to terminate their overfunded pension plans and continue similar retirement plans is in serious danger of collapsing.

The demise of the administration guidelines on asset reversions might be brought about by a court challenge by INTERCO Inc., St. Louis, Mo., which seeks to recover $3.5 million from a spinoff/termination that does not meet government standards.

If INTERCO succeeds in its lawsuit against the Pension Benefit Guaranty Corp., it would endanger employers' abilities to terminate pension plans and stay within the defined benefit universe.

Moreover, an adverse decision conceivably could cause the undoing of dozens of terminations effected since the administration guidelines were released in May 1984.

"The PBGC should have walked away from it," asserted Roger Thomas, pension counsel to the House Aging Committee. If the administration loses, the "house of cards may come tumbling down."

A court failure, though, would not be a surprise to the Reagan administration. Before the guidelines were issued nearly a year ago, agency officials had bitterly contested the validity of so-called spinoff/terminations.

Moreover, in the weeks before the guidelines were issued, officials at the Internal Revenue Service expressed grave concerns that certain portions of the guidelines would not survive a court challenge.

More recently, a senior Treasury Department official, responding to a request by Rep. Edward Roybal, D-Calif., chairman of the House Aging Committee, acknowledged that the guidelines do not have the force of law or regulation.

In addition, a separate challenge to a narrow aspect of the guidelines' rules on amortization of gains and losses by Celanese Corp. of New York adds more fuel to the fire, although Celanese is trying to work its problems out privately with the IRS.

"The Keystone Cops couldn't have done a better job than these guys," said one source, referring to the administration.

Not surprisingly, pressure again is mounting on Capitol Hill for legislation on the issue. The House Aging Committee and the Labor-Management Relations subcommittee will hold a joint hearing on overfunded plans, possibly in May.

"The Keystone Cops couldn't have done a better job" than the Reagan administration.

David Walker, the PBGC's acting executive director, now says the agency is considering shoring up the guidelines through new regulations, although he said that the guidelines had solid legal footing.

The guidelines, unveiled after nine months of haggling among the PBGC and the Departments of Labor and Treasury, were viewed as a fairly loose response to what critics had perceived as a growing rush by corporations to terminate overfunded defined benefit plans and recapture surplus assets.

In fact, a pension attorney who led an ad hoc group of lawyers seeking to allow the new techniques has remarked it was the first time he got more than he wanted from the government.

The guidelines allowed employers, under certain conditions, to terminate their overfunded pension plans and replace them with similar arrangements through so-called "termination/re-establishment" and "spinoff/termination" techniques.

In a spinoff/termination, a plan is split into separate plans for active employees and for retirees and deferred vested participants, with surplus assets allocated to the latter plan. The retiree plan then is terminated, with the excess assets reverting to the employer.

Continued on page 36

Stroh brews up shift in pension plan again

By Rose Darby

DETROIT — The Stroh Brewery Co., which terminated its defined benefit plan in 1983 and started a defined contribution plan in its place, now has converted back to a defined benefit plan, said David Stockman, manager of benefits.

From the outset, Mr. Stockman said, Stroh officials preferred to do a spinoff/termination and retain a defined benefit plan for active participants, but they had to wait until the Reagan administration altered its stance on the issue.

Mr. Stockman said the cost of terminating the original plan, starting the defined contribution plan, then changing it to a defined benefit plan, "ran in the hundreds of thousands of dollars."

After the company first complied with government regulations by doing a complete termination of its

Continued on page 37

Late news

California picks CIO

SACRAMENTO, Calif. — Tom Flannigan, deputy chief investment officer for the New York State Common Fund, was asked April 24 to become chief investment officer for the California State Teachers' Retirement System.

If he does accept, as is expected, he will be the first permanent chief investment officer for the $13 billion state teachers' system since Mel Petersen left more than two years ago. Rich-

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Partners' departures spur move

3 seek venture cap pullout

By Steve Hemmerick

SAN FRANCISCO — At least three major institutional investors are trying to withdraw their commitments as limited partners from a new venture capital fund.

Sources said the Michigan State Retirement System, the University of Pittsburgh endowment and Investment Advisors Inc., Minneapolis, are seeking withdrawal from the EAS Ventures fund, an $18 million fund with eight other limited partners.

In addition, the Ohio Police and Firemen's retirement system wants to reduce its commitment to the fund to $3 million from $5 million.

The withdrawal attempts were described by some venture capital experts as unheard of and very unusual. One said they could signal the start of a realignment of power in venture capital investment — with institutional investors taking a more active role.

Michigan is seeking a total withdrawal of its $5 million commitment, and the University of Pittsburgh and Investment Advisors, total withdrawal of their commitments of $1 million each.

The request for withdrawals came after two of four general partners, Elliot Steinberg and Chris Woodword, left the fund. Remaining general partners are Larry Nerheim, former head of the trust department at Bank of America, and the investment banking firm, European American Securities, Inc., of which Mr. Nerheim is chairman.

Following the split-up, some limited partners felt the fund had been damaged, according to sources, and as a consequence sought withdrawal. They agreed, during a meeting called by the limited partners, not to sue one another concerning any intended withdrawal from the partnership agreement.

But Mr. Nerheim, who was general counsel or chief lawyer to the Securities and Exchange Commission in the mid-1970s, said the partnership agreement makes no allowances for withdrawals before the end of the 10-year term of agreement. He said the agreement allows for changes in general partners, including resignations, without their having any effect on the venture fund.

He described the ongoing negotiations by some limited partners to withdraw from the fund as "mind boggling."

But he added, "Life is too short to do business with those who don't want to do business with you. I don't want to spend the rest of 1985 fighting fires."

Continued on page 37

2 public funds join in buy-out

By Steve Hemmerick

Two public pension funds have become about 60% owners of a chain of motels as participants in a leveraged buy-out they initially doubted would succeed.

The Washington State Investment Board invested $107.9 million and the Oregon Public Employees' Retirement Association, $40 million, to help take the chain of 55 Red Lion Motor Inns private.

At the time the pension funds' hoped-for buy-out first was revealed, John Hitchman, executive director of the Washington board, said "there is an excellent chance it will not go through" because of other offers for the motels (*Pensions & Investment Age*, Dec. 10).

The two public funds are limited partners in a buy-out engineered by general partners Kohlberg, Kravis, Roberts & Co., San Francisco. It is not known whether there are any other limited partners.

According to sources, the amount of money borrowed to finance the purchase of the inns was significantly lower than for many other buy-outs. No amount was given, however.

The buy-out supports Mr. Hitchman's contention two years ago that pension systems in the future would be buying companies.

The Washington board, which has about $5.5 billion in assets, has set aside $281 million for leveraged buy-outs, and the $4.5 billion Oregon system has set aside well over $100 million in recent years.

Kohlberg, Kravis will be involved somewhat in the management of the inns. The existing management will remain in place, and it is believed that Kohlberg, Kravis and Red Lion's management share in the equity ownership.

Mr. Hitchman described the current inn management as "spectacular."

Although this investment is small compared with the $10 billion in assets held by the two funds, both pension systems have been on a steady course of investing outside the stock and bond markets.

In 1983, for example, Oregon and Washington each committed $100 million to a new Kohlberg, Kravis leveraged buy-out fund. (The money used for the buy-out of the inns was not connected with that pool.)

Late last year, Washington com-

Continued on page 35

Funds take active interest in passive strategies

By Trudy Ring

Managers with passive investment strategies attracted the biggest chunks of pension fund assets in the first quarter of 1985.

Among manager hirings reported in *Pensions & Investment Age*, the largest allocations were for stock index funds run by three of the leaders in this area — Wells Fargo Investment Advisors, Mellon Capital Management Corp. and Bankers Trust Co.

On the fixed-income side, the biggest allocations reported in the first quarter were for firms that manage dedicated or immunized bond portfolios. Lincoln Capital Management Co. was the big winner here.

The largest number of new accounts reported in *P&I Age* for any manager was five for Oppenheimer Capital Corp., which won both equity and balanced accounts.

Four new accounts each were reported for four managers: Bankers Trust Co.; LaSalle Advisors Inc.; NCNB National Bank; and State Street Bank & Trust Co.

At the other end of the spectrum, managers that lost multiple accounts included growth stock managers Alliance Capital Management Corp. and MacKay-Shields Financial Corp. Growth stocks suffered in last year's market.

Also losing more than one account were The Griffin Group, Century Capital Associates and Bernstein-Macaulay Inc.

Some of the hirings or dismissals might have occurred during 1984, but they were not made public and reported in *P & I Age* until the first quarter of 1985.

Sometimes the published reports just skimmed the surface of the new business won by each manager. For instance, *P&I Age* reported on $1.33 billion in new index fund accounts for San Francisco-based Wells Fargo. However, the firm actually landed $3.78 billion during the quarter, a spokesman said.

Mellon, also based in San Francisco, and Bankers Trust, New York, were the firms chosen to run stock index funds for the Teamsters, Central States, Southeast and Southwest Areas pension fund. This accounted for the $800 million in new business for Mellon and $750 million for Bankers Trust reported in *P&I Age*.

Bankers Trust also was one of six managers hired to handle a portion of a $1.4 billion dedicated bond portfolio for Chrysler Corp., but its share of the assets was not disclosed.

Mellon and Bankers Trust also won several more accounts, for a total of $1.15 billion in new business for Mellon and $1.75 billion for Bankers Trust.

Mellon got 12 new accounts, all for various types of index funds, including specialty funds, accord-

Continued on page 34

Most new accounts*
First quarter 1985

Manager	no. of accounts
Oppenheimer Capital Corp.	5
Bankers Trust Co.	4
LaSalle Advisors Inc.	4
NCNB National Bank	4
State St. Bank & Trust Co.	4

*As reported in *P&I Age*.

Most new assets managed*
First quarter 1985

Manager	Amount ($ millions)
Wells Fargo Investment Advisors	$1,330
Mellon Capital Management Corp.	800
Bankers Trust Co.	750
Lincoln Capital Management Co.	283
Chase Investors Management Corp.	140
Oppenheimer Capital Corp.	139
Horsley Keogh & Associates	110
Lazard Freres Asset Management	79
Alliance Capital Management Corp.	75
American National Bank & Trust Co.	73

*As reported in *Pensions & Investment Age*.

Officials urged to withdraw assets

Insurers' GICs new union target

By Mark Westerbeck

POMPANO BEACH, Fla. — Flush with confidence after taking on the federal government and winning, Dennis Walton is taking on a new institutional-sized adversary — the life insurance industry.

Mr. Walton, business manager of the Operating Engineers Local #675 and chairman of its pension trust, has a draft of a letter that asks all trade unions to withdraw investments managed by insurance companies that fund construction projects built by non-union labor.

In singling out guaranteed investment contracts and annuity contracts as targeted investments, Mr. Walton is broadening the usual area of concern from commingled equity funds managed by insurance company advisory units.

Mr. Walton said he has a computerized mailing list of 5,000 U.S. union leaders and trustees that should be put into use within two weeks. The letter will be signed by the members of the Broward County Building Trades Council, which includes union locals in Fort Lauderdale, Pompano Beach and other south Florida cities.

Their actions in large part are due to pressure they feel from a constituency living in a region that is not pro-union.

"Right now there's a lot of pressure on our unions here in the South," said James Weldon, president of the Broward Building Trades Council and business manager of the International Brotherhood of Electrical Workers Local #728.

When union pension fund capital is invested in local construction projects, the member benefits in three major ways: preretirement employment; contributions by the project employer to the union member's post-retirement investment income; and the presumption the project is giving off a return at least at market rates.

Circumventing the use of union labor proves to be cheaper for the developer, even though federal law mandates the prevailing market wage must be paid.

Mr. Walton is well known throughout the union investment community for his lengthy and acrimonious battle with the Labor Department over real estate investments by Operating Engineers Local #675, and garnered significant support during the struggle.

The local's biggest victory in a series came within the past two months, when a U.S. District Court dismissed Labor Department charges that trustees violated fiduciary responsibilities by financing

Continued on page 34

Delay harms EDS plans

By Fred Williams

DALLAS — Two Electronic Data Systems Corp. employee benefit plans have suffered substantial losses because of government delays in the company's request for an ERISA exemption, EDS officials said.

The Dallas-based electronics and data processing firm filed a request with the Department of Labor in November 1984, asking approval of a stock exchange transaction in which General Motors Corp. used its common stock, notes and cash to purchase EDS stock from the EDS pension and 401(k) plans. (*Pensions & Investment Age*, April 15).

GM and EDS agreed in August 1984 to a merger plan in which GM would acquire EDS for $2.6 billion.

The EDS employee benefit plans owned a combined total of 194,377 shares of EDS stock at the time of the takeover. The plans received about $6.8 million in cash from GM, along with fractional shares of a new class of GM common stock

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Late news

Continued from page 1

ard Lambourne, acting chief, did not seek the permanent post.

Mr. Flannigan would be hired on a one-year contract, with a yearly option to renew for two years. It is expected he would earn more than $100,000.

Anne Miller, deputy chief executive officer for the California fund, said Mr. Flannigan would not be under a bonus plan as is Greta Marshall, who was hired in early April as investment officer for the $23 billion California Public Employees' Retirement system.

Caterpillar hires 2

PEORIA, Ill. — The $2.4 billion Caterpillar Tractor Co. pension fund reportedly tapped J.P. Morgan Investment Management Inc. and Chase Investors Management Corp., both of New York, for an $800 million quantitative bond program.

N.Y. Teachers hire 4

ALBANY, N.Y. — The $13 billion New York State Teachers' Retirement System, the country's seventh largest pension fund, made its first selection of equity real estate managers last week, committing $300 million to four large open-end commingled funds.

The four are Prudential Asset Management Co.'s PRISA; Equitable Real Estate Investment Management's Separate Account #8; Aetna Life and Casualty Co.'s RESA; and Goldman, Sachs & Co.'s open-end fund. Lowell A. Blom, mortgage officer for the system, comfirmed the commitment, but would not discuss details before the contracts are signed.

Florida can't divest

TALLAHASSEE, Fla. — The Florida State Board of Administration cannot divest itself of South Africa-related stocks on the basis of ethical criteria alone, the state's attorney general said.

According to state law, the board must judge investments on the basis of yield, risk and diversification, Attorney General Jim Smith said in response to an inquiry from the state Board of Administration.

Public fund expands

LINCOLN, Neb. — The Legislature has advanced a bill that would require all but two counties to join the $121 million Nebraska State Retirement System.

The bill might come to a vote next week, said Jim Powers, a budget officer for the system.

The two counties excluded have their own retirement systems. Of the other 91, 34 are in the state system and 57 do not have retirement plans, Mr. Powers said.

Weimert heads fund

WHITE PLAINS, N.Y. — Richard Weimert formally has been placed in charge of General Foods Corp.'s $1.5 billion pension fund on an interim basis. He had been manager-benefit funds until Raymond Nargi resigned as assistant treasurer to become director of financial management at Pennsylvania State University.

Union loses bid

WASHINGTON — The International Union of Operating Engineers' Central Pension Fund failed to place a resolution in Phelps Dodge Corp.'s proxy materials concerning the firm's use of defeasance.

The Securities and Exchange Commission upheld the company's objection that the resolution dealt with ordinary business matters and was not subject to shareholder approval.

"Also, at least six New York City pension funds and three union funds withheld endorsement of George Munroe, Phelps Dodge's chairman, for re-election to the board of Manufacturers Hanover Corp., one of Phelps Dodge's main creditors.

Bernstein signed

PITTSBURGH — The $150 million University of Pittsburgh endowment fund has hired Sanford C. Bernstein & Co., New York, to run a $10 million fixed-income account, according to Michael Hagan, assistant treasurer.

The assets previously were managed by Hoisington Investment Management Co., Houston, which was terminated in February.

Marks joins TCW

LOS ANGELES — Howard Marks, formerly vice president and senior portfolio manager of Citibank's high-yield bond fund, has joined Trust Co. of the West here as a managing director to launch a junk-bond capability.

Passive . . .

Continued from page 2
ing to Tom Loeb, president.

"People are wanting to do more types of index funds," he said.

Mr. Loeb and Patty Mahoney, a vice president of Bankers Trust, agreed index funds have attracted investors who are dissatisfied with the performance of traditional active equity management.

Passive management was popular for fixed income, too. Lincoln Capital Management, Chicago, had $283 million in new business reported in *P&I Age*. These funds are in two dedicated bond portfolios — $200 million for Montgomery Ward & Co. and $83 million for Container Corp. of America, both Chicago-based firms.

While large amounts of assets are being dedicated or immunized, Ken Meyer, Lincoln Capital's executive vice president, said he doesn't see any trend among the firm's clients. "Each client has come in for a very specific, individual reason," he said.

Although passive strategies were popular, active managers still were winning business.

Oppenheimer Capital Corp., New York, gained at least $130 million in five new accounts reported in *P&I Age*. Oppenheimer's philosophy is to seek consistent high returns with a minimum of risk by buying undervalued securities and making timely moves from stocks and bonds to cash.

The biggest new account reported for Oppenheimer was a $100 million balanced account for the Detroit Retirement System. The firm also gained $20 million and $10 million equity accounts, a $9 million balanced account and another equity account of undisclosed size, according to *P&I Age* reports.

Alternative investments attracted sizable new dollars, too, as three tax-exempt funds made commitments totaling $110 million to the Horsley Keogh Venture Fund, which invests in venture capital partnerships. It is run by Horsley Keogh & Associates, Boston.

Rounding out the Top 10 managers, in terms of asset gains reported in *P&I Age*, were Chase Investors Management Corp., New York, with $140 million in fixed income, including a $40 million dedicated portfolio; Lazard Freres Asset Management, New York, with $79 million, primarily in actively managed balanced accounts; Alliance Capital Management Corp., New York, with $75 million in an index fund; and American National Bank and Trust Co., Chicago, with $73 million in equities, including $33 million for index funds.

The managers that got the most accounts didn't necessarily get the most assets. However, the business won by two of the managers that tied for second in number of new accounts indicates tax-exempt funds are making commitments to real estate.

LaSalle Advisors, a Chicago-based real estate specialist, had four new accounts reported, but these totaled just $45 million. NCNB, of Charlotte, N.C., had four new accounts totaling $24 million, with $22 million of that for real estate and the remainder for bonds.

The four new accounts for State Street Bank & Trust Co., Boston, all were for master trustee services, according to *P&I Age* reports. Bankers Trust won two master trustee accounts, as well as the Teamsters index fund and the Chrysler dedication.

Numerous managers had three new accounts reported in the first quarter.

One of the Top 10 gainers in new assets reported also had the most assets reported lost in the first quarter. *P&I Age* reported Alliance lost three equity accounts — including the Detroit Retirement System — with assets totaling $223 million. Its gain, as reported in *P&I Age*, totaled $75 million.

The restructuring of the Detroit municipal fund also resulted in Detroit-based Comerica Bank's allocation being reduced to $75 million from $285 million. The bank now will run equities instead of a balanced account. Fund officials said they weren't comfortable with the large amount overseen by Comerica and decided not to allocate more than $100 million to any one manager.

Besides Alliance, another growth stock manager that had accounts reported lost was MacKay-Shields Financial Corp., New York. It was dropped from a $42 million balanced account for Nashua Corp., Nashua, N.H., which cited performance as the reason.

MacKay-Shields also was dropped by A.B. Dick Co., Chicago, where it and The Griffin Group, Chicago, had split $55 million in assets in balanced accounts. A.B. Dick officials said the change had nothing to do with the performance of either manager. Griffin uses a bottom-up approach for equities and a top-down approach for bonds.

Poor performance was given as the reason for terminating only one of the three accounts Griffin lost. That was a $29 million account for American Hospital Supply Corp., Evanston, Ill. Griffin's biggest loss, however, was the Combined International Corp. pension fund, which was moved in-house. Griffin had been sole manager for the Northbrook, Ill., fund, which has between $130 million and $140 million in assets.

Century Capital Associates, New York, lost two accounts totaling $103 million, *P&I Age* reported. Officials of both funds cited Century's recent management change as a factor. With the change, Century has altered its equity investment style, going from market timing to a value-oriented approach.

Another manager with more than one account reported lost was Bernstein-Macaulay Inc., New York, which takes a top-down approach. It lost two accounts totaling $24 million.

Managers that had one large account reported lost were Putnam Advisory Co., Boston, $87 million in equities; Penmark Investments, Chicago, $66 million in bonds; Weiss Peck & Greer, New York, and IDS Advisory Group, Minneapolis, $80 million each in equities.

Putnam, Weiss Peck & Greer and IDS were among the losers in Dart & Kraft Inc.'s pension fund restructuring. The Northbrook, Ill., fund apparently dropped them because of performance. Penmark was dropped in an overhaul of the Chicago Policemen's Annuity and Benefit Fund. ■

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New union target . . .

Continued from page 2
the union headquarters building with plan assets (*Pensions & Investment Age*, March 18).

Another recent victory is the sale of a 100-acre tract in Pompano Beach to Trammell Crow Co., the major developing firm, which has committed its five-year, $150 million office and industrial development on the site, called Park Central, to standard union-labor contracts.

The union leader makes no bones he wants to capitalize on that momentum. The court victory "certainly has" bolstered his confidence, "and we have been highly successful with our own all-union projects," he said.

In taking on GICs, Mr. Walton's warning to the union leaders is "save yourself, quick.

"We are developing a letter campaign to further the position that unions that invest in insurance companies are investing in their demise."

"It's in essence a plea to all trades to ban together their pension funds to gain employment and funds for their pension funds by withholding their assets from those insurance companies and re-evaluate their investments in GICs and annuity contracts, when the same company is going down the road and killing you by using non-union labor."

GICs are fixed-income investments usually pooled into insurance company general accounts and matched with so-called short-term bullet loans that often are used to finance developers' construction projects. Because the investments are pooled, the effect is to have a lot of sources on one end and an array of motivations on the other, two of which are the hiring of union and non-union labor.

The unions contend the monolith formed by the general accounts is more concerned with consistent investment returns, not the details.

"Just because the money would pass through several machinations and comes out there, doesn't make it any cleaner," is how Mr. Weldon of the trades council put it.

"We're financing our demise," he said, echoing Mr. Walton. "We're kind of upset with the insurance companies that have so much of our money and don't pay any attention (to hiring practices). We feel if enough of us take a position, we can do something about it. A lot of our money is being financed into jobs that are exploiting us and we're increasingly annoyed about."

If the annoyance turns to action, the effect apparently would not be as great as it could have been two years ago. Indeed, the asset allocation to GICs in the portfolios of the largest union funds has been decreasing in the short term.

The assets of union funds among the Top 200 pension funds surveyed by *P&I Age* grew to $19.2 billion from $18.4 billion in the year ended Sept. 30, 1984, but the asset share devoted to GICs dropped to 3.5% from 7.1%, or to $480 million from $1.3 billion.

Union funds among the next 800 largest, had 8.8% of their assets in GICs as of Sept. 30.

The 1985 Money Market Directory reported union pension funds held 5.8% of their $22.8 billion in assets, or $1.3 billion, in GICs. The previous year they held 5.6% of $18.4 billion, or $1 billion, in GICs.

In the past, Metropolitan Life Insurance Co. has been a focus of Mr. Walton's attention; most recently, he said, he has had four conversations with a representative of Equitable Life Assurance Society of the United States over a local project and a Dallas building.

Both of these firms will be mentioned in the letter, he said.

He does not excuse the Prudential Insurance Co. of America, either, just because it operates a commingled fund in participating mortgages specifically for union investment.

On the one hand, PRIMOR, as the union investment fund is called, is criticized because of a companion fund that does not specify union projects; projects are selected for investment, then put in the appropriate pooled fund.

Also, "I don't think Prudential can say 'We're a good boy because we have a union-investment fund' " when it also has the general account that does not carry the restrictions, Mr. Walton said.

The fight with Metropolitan was over a 1983 $30 million Fort Lauderdale office project called the Paragon Building. By all accounts, picketing was intense and feelings ran high; brochures attacking Metropolitan and the developer were distributed and Mr. Walton said he documented the struggle in a videotape.

Mr. Walton contends firmly no union labor was used on the Paragon Building. A spokesman for Metropolitan said the financing was provided from its commingled fund for developmental projects, Fund RE, which has no union pension fund clients. The spokesman was not as certain the project was constructed by all non-union labor.

Mr. Walton's discussions with Equitable have been over a $775 million health-care conference and exhibition center proposed for Broward County, called EcuMed. Regional newspapers have identified Equitable — as well as Tishman Speyer Properties and Crown Equities — as the developers.

Equitable is adamant that it is not developing this project.

"We are not involved in the joint venture, period," said Jonathan Miller, spokesman for Equitable. The confusion appears to have grown from Equitable's other interests. It does own the land and it is a limited partner in Tishman Speyer. ■

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Summary of our Annual Report 1984

1983		1984
DM 3,732 million	Business Volume	DM 3,848 million
DM 3,247 million	Total Assets	DM 3,325 million
DM 2,762 million	Deposits	DM 2,821 million
DM 2,137 million	Bill and Advances	DM 2,234 million
DM 135 million	Capital	DM 140 million
DM 10,948 million	Consolidated Total Assets	DM 11,443 million

The Partners
Cologne/Frankfurt, April 1985

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Top 100 firms' assets up 9.5%

Total assets managed by the nation's 100 largest money managers increased almost 10% in 1984 to $1.2 trillion, *Pensions & Investment Age*'s annual survey shows.

The 100 largest money managers in the survey had total assets of $1.187 trillion as of Jan. 1, 9.5% greater than a year ago. However, changes in the composition of the Top 100 this year reduced the growth rate.

The most significant change was the deletion of the $35 billion Teachers Insurance & Annuity Association — College Retirement Equities Fund from the list of managers. TIAA-CREF considers itself a pension fund, rather than a money management firm *(see story on page 6)*.

Within the total, the 100 largest managers of pension, profit-sharing, endowment and foundation assets invested $735.2 billion for such tax-exempt institutions, a gain of just 3% from last year's survey. Again, however, the figures were affected by the deletion of TIAA-CREF.

If TIAA-CREF had been included, the growth would have been 8.9%, to $770 billion.

Smaller investment management organizations grew more rapidly than large firms in 1984. While the tax-exempt assets of the 100 largest tax-exempt managers grew only 3% (without TIAA-CREF), the assets of the Top 200 grew 4.8%, indicating the second 100 grew more rapidly than the first 100.

This growth was affected by:

- A lackluster stock market in 1984, when the Standard & Poor's 500 index was up only 6.3% and the median money manager was up about 3%.
- A decline in contributions to pension funds.
- Withdrawal of several billion dollars by companies terminating pension funds.

The Top 100 tax-exempt managers list is made up of 55 investment counseling firms (compared with 36 last year), 29 bank trust departments (41 last year) and 16 insurance companies (21 last year).

However, nine of the counseling firms are subsidiaries of insurance companies, and nine are subsidiaries of banks.

The numbers show the extent to which banks and insurance companies have spun off their traditional investment management operations into subsidiaries, or have acquired investment management firms as subsidiaries.

For example, Equitable Life Assurance Society of the United States, which manages $21.3 billion in tax-exempt assets, also has three subsidiaries among the Top 100 managers: Alliance Capital Management, with $16.3 billion in tax-exempt assets; Equitable Investment Management Corp., with $7.3 billion; and Equitable Real Estate Investment Management, with $3.7 billion.

Banks and bank subsidiaries in the Top 100 managed 39% of the $335.2 billion in tax-exempt assets managed by the Top 100 firms. Insurance companies and their subsidiaries managed 34% and investment counseling firms, 27%.

This suggests banks increased their market share in 1984 at the expense of investment counseling firms, perhaps because of their greater involvement in indexed management and dedicated bond funds.

The ranking of the Top 100 tax-exempt managers changed dramatically in 1985 because of the splitting off of the investment management subsidiaries that are listed separately *(see related story on page 4)*.

The statistics were derived from the profiles of 874 firms managing U.S. tax-exempt assets. *(Profiles begin on page 19.)*

Included are profiles of international firms managing U.S. tax-exempt assets invested overseas, and profiles of 60 Canadian investment managers.

Excluding the Canadian managers, those firms profiled managed total assets of $1.740 trillion and tax-exempt assets of $1.034 trillion.

The tax-exempt assets managed by the firms profiled accounted for 73% of the estimated $1.4 trillion in total U.S. tax-exempt assets. An additional 20% is managed internally by pension funds, endowments and foundations.

The market share of the tax-exempt assets managed by all of the firms profiled (excluding the Canadians) was different from that for the 100 largest firms. Bank and bank subsidiaries managed 38.4% of the tax-exempt assets managed by all managers profiled; investment counseling firms, 33.7%; and insurance companies and their subsidiaries, 27.9%.

The difference is explained by the greater numbers of investment counseling firms outside the Top 100 list.

Overall, 671 investment counseling firms, 168 banks and 35 insurance companies were ranked and profiled. Eighty-six of the counseling firms are subsidiaries of banks and insurance companies.

The non-Canadian management firms employ 4,957 portfolio managers and 4,498 security analysts.

The investment counseling firms on average tend to have a slightly higher number of stocks on their core list of stocks followed closely — 148 — than banks, 140, or insurance companies, 137.

However, banks and insurance companies screen substantially more stocks generally. Banks have an average of 430 stocks on their general watch list; insurance companies, 426; and investment counseling firms, 148.

The banks use more outside or Wall Street research than either insurance companies or counseling firms.

The banks report generating only 31% of their research internally, on average, while investment counseling firms generate 49% and insurance companies, 50%.

The firms profiled manage $57 billion in real estate investments, $39.7 billion of that in equity real estate, for tax-exempt clients.

Prudential Asset Management was the largest real estate manager for tax-exempt clients with $5.873 billion in real estate equity. It was followed by Equitable Real Estate Investment Management, $3.727 billion, and Corporate Property Investors, $2.2 billion.

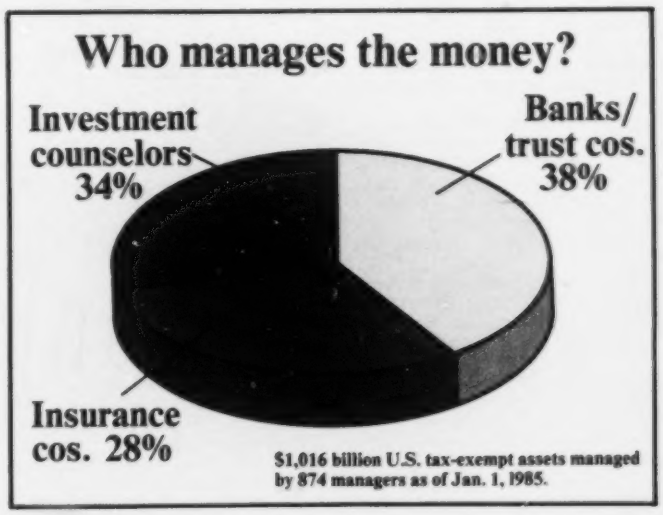
Money managers also had $14.6 billion in international investments for U.S. tax-exempt clients, $11 billion in foreign stocks, $2.7 billion in foreign bonds and $0.9 billion in short-term investments.

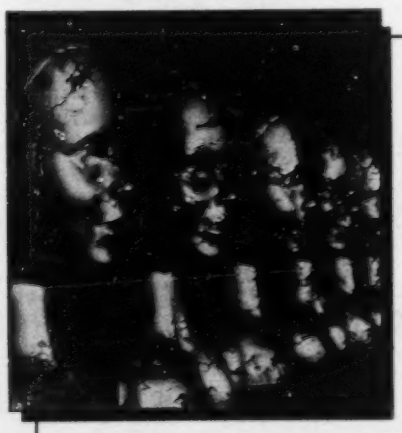
J.P. Morgan had the largest amount invested overseas for U.S. tax-exempt clients, $2.2 billion, followed by Morgan Grenfell Investment Services Ltd., $1.1 billion; Capital Guardian Trust Co., $853 million; and Fidelity International Investment Advisors, $850 million.

The firm profiled managed $14.1 billion for 401(k) plans, possibly the fastest growing segment of the tax-exempt market. The largest managers of 401(k) assets were The John Hancock Cos., $2 billion; Aetna Life, $1.9 billion; State Street Bank and Trust Co., $976 million; Provident National Assurance Co., $600 million; and CIGNA Corp. and AmeriTrust Co., both with $500 million. (Some managers did not provide breakdowns of their 401(k) assets under management.)

Overall, among the money managers profiled, insurance com-

Continued on page 4





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Pensions & Investment Age

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Banks, their subs maintain top hold on funds' assets

By Trudy Ring

Banks and their investment management subsidiaries continued to win the biggest share of tax-exempt assets among the nation's 100 largest managers of tax-exempt assets last year.

Banks, trust companies and bank-affiliated investment counseling firms had 39% of the $735.2 billion in tax-exempt assets managed by the 100 largest firms Jan. 1. This represented a slight increase from the previous year, when banks and their subsidiaries had 38%.

Observers credit the gain, at least in part, to the growing popularity of the passive investment management approaches — such as indexing, dedicating and immunizing — that banks offer.

The share of the pie held by insurance companies and their investment subsidiaries remained constant at 34%, while that going to independent investment managers decreased slightly, to 27% from 28%.

Despite the banks' edge in market share among the Top 100, insurance companies or their subsidiaries were six of the Top 10 managers. Insurance companies benefited from the popularity of guaranteed investment contracts, particularly for defined contribution plans, and from annuity sales to sponsors who terminated pension plans.

The firm with the most tax-exempt assets under management was The Prudential Asset Management Co., Newark, N.J., the investment subsidiary of The Prudential Insurance Co. of America. The tax-exempt asset base grew to $34 billion from $29 billion, a 17% increase. Prudential was ranked third last year.

Much of Prudential's gain came from GICs and other guaranteed products. James Gately, senior vice president of the asset management firm, noted that many sponsors are setting up 401(k) plans, which almost always include a guaranteed investment option. "That portion of the business is continuing to grow rapidly in 1985," he said.

Annuity sales also were strong in 1984, but they may not grow so much this year, Mr. Gately said. Other growth areas for Prudential were its PRISA real estate fund, dedicated and immunized fixed-income products and international investments, he said.

The firm that Prudential knocked out of first place was Equitable Life Assurance Society of the United States, New York. Equitable and its subsidiaries reported their assets separately this year, while they reported as a group last year.

However, the total assets of Equitable Life, Equitable Investment Management Corp. and Equitable Real Estate Investment Management came to $32.3 billion, still 11% less than the $36.1 billion reported for the firm last year. Equitable Life placed seventh this year, while the investment management subsidiary placed 27th and the real estate firm, 61st.

Equitable also acquired another subsidiary, Alliance Capital Management Corp., New York, last year. Alliance's assets were reported separately; they remained constant at $16.3 billion, and the firm ranked in the same place, 10th.

Rising to second from fourth was Bankers Trust Co., New York, whose assets rose 10%, to $31.1 billion from $28.3 billion. Bankers Trust is a major provider of index funds.

Metropolitan Life Insurance Co., New York, rose to fourth place from sixth. Tax-exempt assets managed by Metropolitan increased 20%, to $30.5 billion from $25.8 billion. Harvey Young, a vice president, noted that GICs for defined contribution plans accounted for much of the increase. "Defined contribution plans, including 401(k) plans, are just exploding," Mr. Young said.

Rounding out the Top 10 were J.P. Morgan Investment Management Inc., third, up 20%, to $30.9 billion from $25.4 billion; Aetna Life & Casualty Co., fifth, up 3%, to $27.9 billion from $26.8 billion; Citicorp Investment Management, sixth, up 16%, to $21.5 billion from $18.4 billion; Manufacturers Hanover Investment Corp., which remained in eighth place despite a 25% decrease in tax-exempt assets, to $18 billion from $24 billion; and The Travelers Cos., ninth, up 21%, to $18.2 billion from $15 billion.

Other large firms with significant gains included CIGNA Corp., up 14%, to $16.2 billion from $14.3 billion; Chase Investors Management Corp., up 18%, to $13 billion from $11 billion; State Street Bank and Trust Co., up 19%, to $9.4 billion from $7.9 billion; Harris Trust and Savings Bank, up 57%, to $8.8 billion from $5.6 billion; Criterion Investment Management, up 39%, to $7.8 billion from $5.6 billion; New York Life Insurance Co., up 32%, to $7 billion from $5.3 billion; Lehman Management Co., up 22%, to $6.6 billion from $5.4 billion; Pacific Investment Management Co., up 51%, to $8 billion from $5.3 billion.

Among other big gainers were Trust Co. of the West, up 20.7%, to $6.4 billion from $5.3 billion; Northern Trust Co., up 57%, to $6.7 billion from $4.3 billion; Great West Life Assurance Co., up 23%, to $5.8 billion from $4.7 billion; Miller, Anderson & Sherrerd, up 43%, to $5 billion from $3.5 billion; RepublicBank Dallas, up 34%, to $4.7 billion from $3.5 billion; and Lincoln Capital Management Co., up 58%, to $4.1 billion from $2.6 billion.

Their gains came for a variety of reasons.

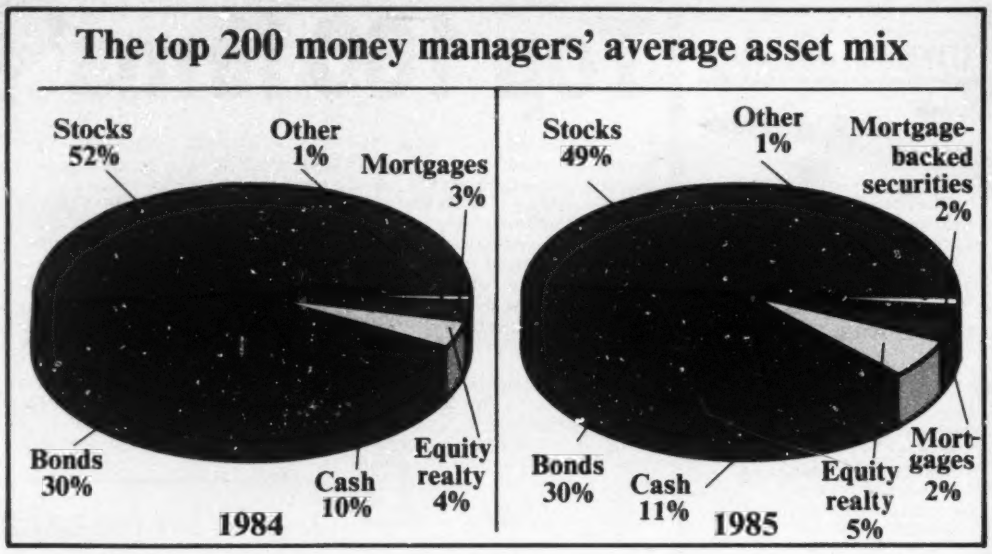
For instance, Chase, State Street and Harris all are active in indexing. Lincoln Capital does dedication and contingent immunization. New York Life and Great West Life, like several other insurance companies, are big in GICs.

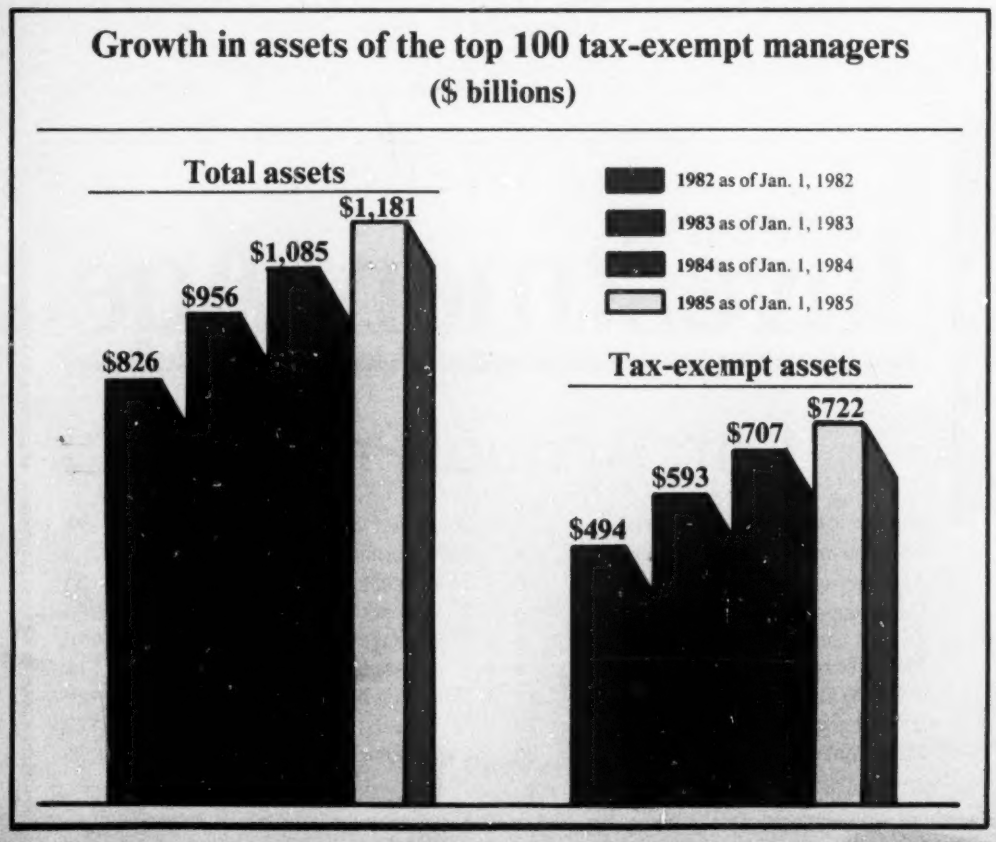
Active management also attracted dollars. PIMCO and Miller, Anderson & Sherrerd both do much active fixed-income management, and RepublicBank officials felt their value-oriented, low price/earnings multiples stock strategy attracted clients.

Not all managers increased their asset bases, however. The main reason for Manufacturers' Hanover's decrease was the restructuring of the New York State Teachers Retirement System, said William Petty, vice president. Of the $4 billion Manufacturers Hanover has run for the system, $2.4 billion has been turned over to other managers.

Also showing a significant decrease was Continental Illinois Corp., which had well-publicized troubles last year. The bank, ranked 49th in tax-exempt assets last year with $4.5 billion, dropped out of the Top 100 this year. With $1.5 billion under management, it ranked 141st.

Other managers recording large decreases included The Putnam Advisory Co. Inc., down 19%, to $5.4 billion from $6.7 billion; Forstmann-Leff Associates, down 20%, to $3.9 billion from $4.9 billion; and MacKay-Shields Financial, down 30%, to $3.5 billion from $5 billion. ■





Assets up 9.5% . . .

Continued from page 3

panies had snared the largest share of the 401(k) business, $6.5 billion, followed by banks with $4.1 billion and investment counseling firms with $3.5 billion. Most of the investment counselors' share of the business went to subsidiaries of banks or insurance companies or firms offering mutual funds.

Insurance companies have one popular product — guaranteed investment contracts — and they have $65.5 billion of client assets in such contracts.

Metropolitan Life had the largest amount in GICs, $14 billion, followed by Equitable, $13.3 billion; Aetna, $9.6 billion; The Travelers Cos., $7.2 billion; and John Hancock, $5.4 billion.

The overall asset mix of the money managers profiled (excluding Canadian managers and insurance company general account assets) was 52% stocks, 26% bonds, 12% cash equivalents, 5% real estate equity, 2% mortgages, 1% mortgage-backed securities and 2% other investments.

The asset mix did vary by type of manager. Investment counseling firms had significantly more invested in common stocks than either banks or insurance companies.

Investment counseling firms had 55% of their assets in common stocks, 22% in bonds, 12% in cash equivalents, almost 6% in equity real estate, 2% in mortgages, 1% in mortgage-backed securities and 2% in various other investments.

Banks, on the other hand, had only 44% in equities and insurance companies had 42% in equities. Banks had 40% in bonds while insurance companies had only 26% in bonds. Insurance companies, on the other hand, had 10% of their assets in real estate equity and 7% in mortgages compared with 1% for each for the banks.

These differences in asset mix reflect the specializations of the managers. Investment counseling firms most often are equity specialists; banks more often are balanced managers and offer a full range of investment products, except real estate in most cases; and insurance companies also offer the full range of investment alternatives and offer strong real estate products in many cases.

The use of hedging devices seems by money managers seems to be growing rapidly. While only about 10% of the money managers — 93 — use stock index futures, this is more than twice as many as used them last year. The number using fixed-income futures grew 26% in the year to 87, and the number using options grew 31% to 238.

Five years ago, only 70 managers used options and 17 used the newly introduced fixed-income futures.

Canadian managers profiled managed $118 billion, mostly in Canadian tax-exempt assets. However, many Canadian managers invest the pension assets of the Canadian subsidiaries of U.S. companies.

The Canadian managers had 34% of their assets invested in Canadian stocks, 34% in bonds, 11% in cash equivalents, 5% in real estate, 5% in mortgages, 10% in U.S. stocks and 1% in other investments.

The 1985 directory of investment advisers, *Pensions & Investment Age's* 12th edition, is the largest and most complete listing of its kind. ■

No agreement on trend

Concentration: Is it growing?

By Trudy Ring

Concentration of ownership of investment management organizations might be on the rise, but there is no consensus among industry observers.

Of the 874 firms surveyed by *Pensions & Investment Age*, 223 own or are owned by another money manager. This was the first year respondents were asked about those affiliations.

There have been several well-publicized acquisitions of money management firms and launches of management subsidiaries in recent years. But is this a growing trend? Consultants' opinions differ.

"It's happened all along, and I don't think it's accelerated at all," said Keith Stransky, director of equity research for Evaluation Associates Inc., Westport, Conn. "I have not seen a trend toward smaller firms being swallowed up by larger firms."

Mr. Stransky said he would be likely to see such a trend if it existed because he deals primarily with small firms.

A different opinion comes from Ronald D. Peyton, president of Callan Associates Inc., San Francisco.

"I would say it's on the increase," Mr. Peyton said. "Everything in the financial services business these days is big, big and getting bigger."

He pointed to one of 1984's biggest transactions in this area — the acquisition of Donaldson, Lufkin & Jenrette and its investment management arm, Alliance Capital Management Corp., by Equitable Life Assurance Society of the United States. The sale came right after Alliance, already a very large manager, announced it would buy Eberstadt Asset Management Inc. All the companies involved are based in New York.

Equitable officials said the acquisition of DLJ and Alliance represents a significant step in Equitable's growth and expansion as a financial services company.

"Certainly Equitable is in the process of consolidating ownership," Mr. Peyton said.

Another firm that has been acquiring money managers is United Asset Management Corp., a holding company based in Boston. Late last year, Sterling Capital Management, Charlotte, N.C., and Thompson, Siegel & Walmsley, Richmond, Va., agreed to sell to UAM.

In March of this year, UAM acquired Analytic Investment Management Inc., Irvine, Calif. Also, UAM plans to complete the purchase of Allen & Associates Investment Management, Atlanta, in May. The Allen firm will be merged into Wall, Patterson, McGrew & Hamilton Inc., already part of UAM's holdings.

In the past two years, UAM has bought several other firms, including Hellman, Jordan Management Co., Boston; Chicago Asset Management, Chicago; and Nelson, Benson & Zellmer Inc., Denver. UAM aims to have a national, diverse stable of money managers.

Whether or not acquisitions are increasing, any acquisition merits the attention of consultants and clients, Mr. Stransky said.

"We get a little nervous when a firm is taken over by another firm," he said. "We don't know if there's going to be a bloodbath, or if they're going to try to impose their style on the other firm. If they leave the other firm alone, fine."

Of course, there's more to management affiliations than acquisitions. Many banks have spun off investment subsidiaries in recent years. Those that have done so include Mellon Bank, Pittsburgh; First National Bank of Chicago; The Northern Trust Co., Chicago; Chemical Bank, Manufacturers Hanover Trust Co., and Morgan Guaranty Trust Co., all of New York; and Bank of New England, Boston.

Forming subsidiaries brings many advantages, said Donald McMullen, executive vice president of Mellon. Subsidiaries allow investment professionals to focus on their areas of expertise, unencumbered by large organizational structures, he said.

"When clients sign up with one of these investment subsidiaries, they know they're dealing with people who are experts in that field who will continue to be experts in that field," Mr. McMullen said. Also, clients generally don't have to worry about the investment professionals leaving to work for specialized investment firms because that's where they're working already.

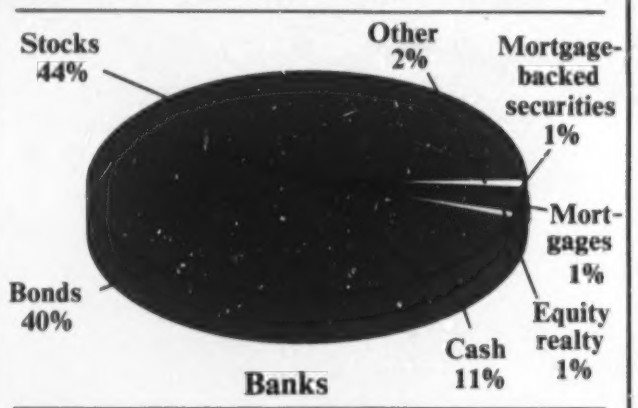
Mellon is considering further subsidiary spinoffs, and Citicorp is putting together plans to make its investment management operation a subsidiary.

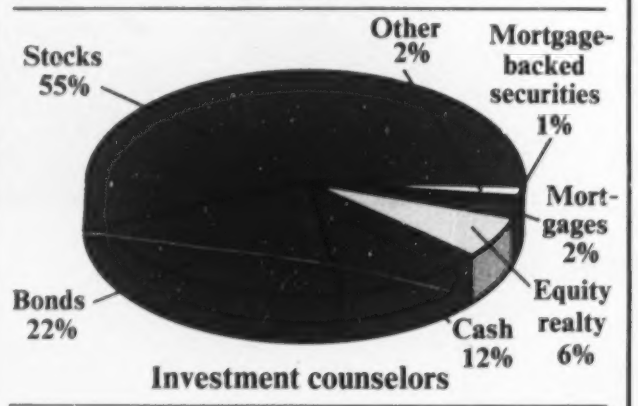
Also, Polaroid Inc. last year formed an investment management subsidiary, Merganser Capital Management Corp. Polaroid is one of the few firms not primarily in financial services that have spun off an investment subsidiary.

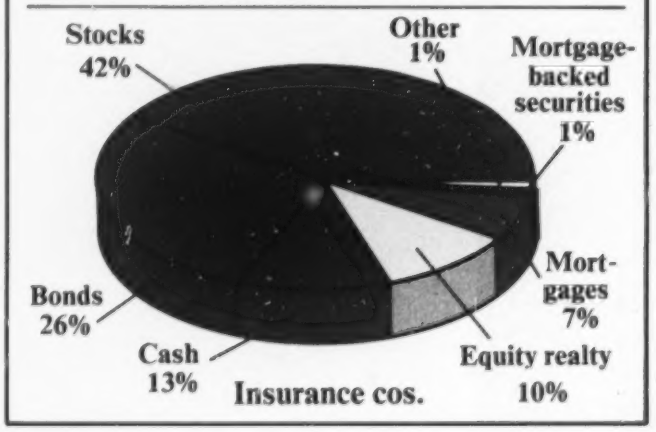
Mr. Peyton said he expects ownership of investment counsel firms to become more and more concentrated. Banks and insurance companies are acquiring or spinning off investment firms to gain or maintain market share, he said.

However, he also foresees a time when small, independent investment firms will start springing up in droves and attracting business. "Then the competitive cycle will start all over again," he said. ■

Tax-exempt asset mix (by adviser)







TIAA-CREF dropped from listing

NEW YORK — One familiar name — TIAA-CREF — is missing from *Pensions & Investment Age*'s 12th annual profiles of investment advisers.

At the request of system officials, TIAA-CREF now will be included in *P&I Age's* annual profiles of the nation's largest pension funds, published each January. Below is its 1984 data.

TIAA-CREF, a nationwide pension system for 3,712 higher education and related non-profit educational organizations, had $35.1 billion in assets as of Jan. 1, all of which are tax-exempt and discretionary.

The College Retirement Equities Fund is broadly diversified, with active, passive and international components. Investments in the active component are selected using long-term fundamental analysis and a disciplined valuation approach.

The Teachers Insurance & Annuity Association uses proper evaluation and pricing of risk-reward relationships in fixed income. It considers itself a moderately aggressive investor, willing to accept risk if it has been evaluated and included in the pricing.

TIAA's real estate approach is active and diversified. It makes long-term mortgage loans featuring participations and bullet-maturity mortgage loans with maturities of 10 years or less. It also seeks to acquire real estate for its own investment account.

CREF's asset mix Jan. 1 was 100% stocks; TIAA's asset mix on that date was 0.5% stocks, 47.2% bonds, 3.2% cash, 5.5% equity real estate and 43.6% mortgages.

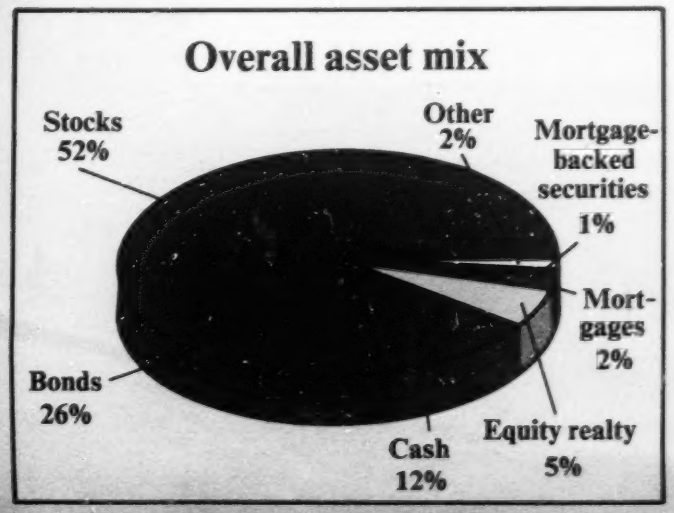
About $9.4 billion was invested in real estate Jan. 1, $1 billion in equity real estate and about $8.4 billion in mortgages. About $2 billion was invested in international markets: $1.54 billion in international stocks and $489.5 million in international bonds.

TIAA-CREF has 24 portfolio managers and 100 members of its research staff. Research is 90% internally generated; 100 stocks are followed closely and 1,600, generally. The system had a net gain of $5 million in tax-exempt assets last year; its total premium income was $2.6 billion.

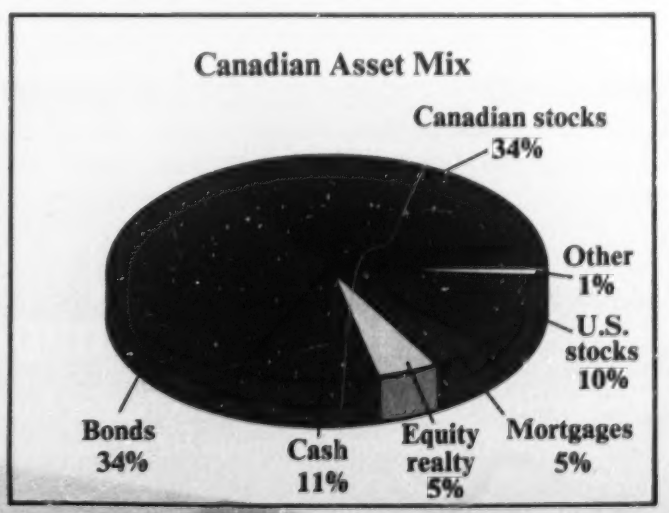
James S. Martin, executive vice president-CREF Investments and chairman-CREF finance committee, is the chief investment officer for CREF.

J. Daniel Lee Jr., executive vice president-TIAA Investments, is chief investment officer for TIAA. ■

Overall asset mix



Canadian Asset Mix



Data obtained from survey

The information contained in this special issue was developed by *Pensions & Investment Age* from answers to detailed questionnaires sent to banks and trust companies, investment counselors and insurance companies in the United States and Canada. International, venture capital and real estate advisers also were queried.

About a dozen members of the *P&I Age* editorial staff began work on this — the largest issue and biggest directory in the magazine's history — early this year.

As in previous years, each company was asked to provide total assets under management, tax-exempt assets under management and the amount that is fully discretionary. Each also was asked to provide its asset mix as of Jan. 1, kinds and number of clients and involvement in specialized investment vehicles.

Each profile also explains the manager's approach to stocks, bonds and real estate, where appropriate.

New features of the 1985 questionnaire included the net gain or loss in new tax-exempt business and affiliations with other financial services companies.

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Managers ranked by tax-exempt assets

Manager	As of Jan. 1 ($ millions)
1. Prudential Asset Mgmt.	34,189
2. Bankers Trust-Investment Mgmt.	31,191
3. J.P. Morgan Investment Mgmt.	30,906
4. Metropolitan Life Insurance	30,546
5. Aetna Life and Casualty	27,956
6. Citicorp Investment Mgmt.	21,500
7. Equitable Life Assurance Society	21,300
8. Manufacturers Hanover	18,640
9. The Travelers Cos.	18,291
10. Alliance Capital Mgmt.	16,317
11. CIGNA	16,200
12. Wells Fargo Investment Advisors	14,096
13. The John Hancock Cos.	13,260
14. Chase Investors Management	13,000
15. Batterymarch Financial Mgmt.	11,998
16. Jennison Associates Capital	11,800
17. Loomis Sayles & Co.	10,849
18. State Street Research	10,800
19. Mellon Bank	10,282
20. State Street Bank & Trust Co.	9,450
21. Capital Guardian Trust Co.	9,317
22. The Bankers Life	9,133
23. Harris Trust and Savings Bank	8,885
24. National Bank of Detroit	8,370
25. Favia Hill & Assoc.	8,115
26. Pacific Investment Mgmt. Co.	7,950
27. Criterion Investment Mgmt.	7,800
28. Fayez Sarofim & Co.	7,672
29. Equitable Investment Mgmt.	7,316
30. Fischer Francis Trees & Watts	7,280
31. T. Rowe Price Associates	7,220
32. Scudder Stevens & Clark	7,161
33. New York Life Insurance Co.	7,018
34. The Northern Trust Co.	6,765
35. Lehman Management Co.	6,604
36. Fiduciary Trust Co. of New York	6,500
37. Delaware Investment Advisors	6,425
38. Trust Company of the West	6,400
39. American National Bank	6,300
40. Wellington/Thorndike Doran	6,141
41. First Chicago Investment	5,997
42. Great West Life Assurance Co.	5,856
43. Brown Brothers Harriman & Co.	5,850
44. The Boston Co.	5,498
45. The Putnam Advisory Co. Inc.	5,424
46. Oppenheimer Capital Corp.	5,408
47. AmeriTrust Co.	5,200
48. Miller Anderson & Sherrerd	5,068
49. Massachusetts Mutual Life	5,050
50. Rosenberg Capital Management	4,966
51. RepublicBank Trust/Dallas	4,744
52. BA Investment Mgmt.	4,708
53. Stein Roe & Farnham	4,313
54. Mutual Benefit Life	4,300
55. Lincoln Capital Mgmt.	4,116
56. The Boatmen's National Bank	4,100
57. Texas Commerce Bank	4,000
58. Security Pacific Investment	3,955
59. Forstmann-Leff Associates	3,951
60. BEA Associates	3,882
61. INVESCO Capital Mgmt.	3,849
62. Lincoln National	3,812
63. Equitable Real Estate Investment	3,727
64. Capital Supervisors Inc.	3,623
65. Sanford C. Bernstein & Co	3,600
66. MacKay-Shields Financial Corp.	3,542
67. MONY	3,500
68. New England Mutual Life	3,437
69. Central National Bank	3,435
70. Neuberger & Berman	3,432
71. Kemper Financial Services	3,326
72. Pittsburgh National Bank	3,286
73. Lazard Freres Asset Mgmt.	3,142
74. ASB Capital Mgmt.	3,003
75. Crocker National Bank	3,000
76. Irving Trust Co.	3,000
77. Manufacturers National, Detroit	3,000
78. IDS Advisory Group	2,993
79. Union Mutual Life Insurance Co.	2,907
80. First National Bank of Atlanta	2,900
81. Mellon Capital Management Corp.	2,900
82. Connecticut National Bank	2,851
83. InterFirst Investment Mgmt.	2,822
84. National Investment Services	2,800
85. NCNB National Bank	2,700
86. The RREEF Funds	2,700
87. Transamerica Investment Services	2,644
88. Mercantile Trust Co.	2,600
89. Bernstein-Macaulay Inc.	2,556
90. Trusco Capital Mgmt.	2,550
91. Morgan Stanley Asset Mgmt.	2,543
92. National City Bank	2,543
93. Pacific Mutual Life Insurance Co.	2,531
94. American Fletcher National Bank	2,527
95. Columbia Mgmt.	2,523
96. McMorgan & Co.	2,500
97. Torray Clark & Co.	2,500
98. The Vanguard Group	2,500
99. Wachovia Bank & Trust Co.	2,499
100. Kennedy Associates Inc.	2,452
101. The Griffin Group	2,417
102. CMB Investment Counselors	2,412
103. Massachusetts Financial Services	2,355
104. Centerre Trust Co. of St. Louis	2,351
105. Continental Assurance Co.	2,320
106. Weiss Peck & Greer	2,302
107. Corporate Property Investors	2,300
108. Dewey Square Investors	2,300
109. United States Trust Co. of N.Y.	2,300
110. Hibernia National Bank	2,257
111. Crocker Investment Mgmt.	2,220
112. Gardner and Preston Moss	2,198
113. The Bank of New York	2,181
114. Dodge & Cox	2,135
115. Lord Abbett & Co.	2,113
116. Pioneering Mgmt. Corp.	2,100
117. Fred Alger Mgmt.	2,098
118. Brundage Story and Rose	2,086
119. United Capital Management	2,061
120. Mutual of America Life	2,002
121. Investment Advisors Inc	2,000
122. Merrill Lynch Asset Mgmt.	2,000
123. Wilmington Trust Co.	2,000
124. First City National Bank, Houston	1,981
125. Indiana Investment Advisors	1,951
126. Capital Research and Mgmt.	1,950
127. Citizens & Southern Investment	1,940
128. Mercantile-Safe Deposit & Trust	1,937
129. Wentworth Hauser & Violich	1,921
130. The Glenmede Trust Co.	1,900
131. Norwest Capital Mgmt.	1,885
132. AmSouth	1,844
133. Dreyfus Mgmt.	1,844
134. Atalanta/Sosnoff Capital Corp.	1,800
135. Wright Investors' Service	1,800
136. Bank of Oklahoma	1,785
137. Fidelity Bank	1,765
138. Discount Corp. of N.Y. Advisors	1,750
139. Shields Asset Management Inc.	1,739
140. Western Asset Management	1,730
141. First Trust Co. of St. Paul	1,711
142. Fidelity Management Trust Co.	1,704
143. Heitman Advisory Corp.	1,700
144. Frank Russell Trust Co.	1,600
145. Provident Capital Management	1,589
146. Continental Illinois Corp.	1,586
147. First Asset Management	1,586
148. L.F. Rothschild Asset Mgmt.	1,577
149. Standish Ayer & Wood Inc.	1,550
150. Templeton Group	1,541
151. Todd Investment Advisors	1,538
152. Wilshire Associates	1,531
153. Dimensional Fund Advisors	1,508
154. Provident National Assurance Co.	1,504
155. Barrow Hanley Mewhinney	1,500
156. Robert C. Brown & Co.	1,500
157. First Tennessee Investment Mgmt.	1,486
158. LaSalle Advisors	1,450
159. Leland O'Brien Rubinstein	1,450
160. M.D. Sass Investors Services Inc.	1,417
161. Wertheim Asset Mgmt. Services	1,407
162. Northwest Life Insurance Co.	1,403
163. Endowment Mgmt. & Research	1,400
164. Aldrich Eastman & Waltch	1,400
165. Amalgamated Bank of New York	1,400
166. Endowment Mgmt. & Research	1,400
167. Denver Investment Advisors	1,390
168. First Fidelity Bank, N.J.	1,350
169. F.I.A. Associates	1,343
170. United Missouri Investment	1,343
171. First Investment Management	1,341
172. Marine Midland Bank	1,336
173. First Wisconsin Trust Co.	1,329
174. Shawmut Banks	1,325
175. David L. Babson & Co.	1,300
176. JMB Institutional Realty Corp.	1,300
177. Independence Investment Assoc.	1,272
178. Cooke & Bieler Inc.	1,242
179. Connecticut Bank & Trust	1,241
180. Hartford Life Co.	1,230
181. Comerica Bank	1,200
182. Sovran Bank	1,200
183. First Kentucky Co.	1,188
184. Institutional Capital Corp.	1,172
185. STW Fixed Income Management	1,163
186. United of Omaha Life Insurance	1,160
187. Capitoline Investment Services	1,141
188. Midlantic National Bank	1,133
189. LB Real Estate	1,125
190. Morgan Grenfell Investment	1,105
191. J.W. Seligman & Co.	1,102
192. J.W. Bristol & Co.	1,100
193. Philadelphia National Bank	1,098
194. McCowan Associates	1,090
195. Sit Investment Associates	1,089
196. Smoot Miller Cheney & Co.	1,085
197. Connecticut Mutual Life	1,084
198. Fifth Third Bank	1,070
199. Value Line Asset Management	1,065
200. First Pacific Advisors Inc.	1,057
201. Boatmen's First National Bank	1,050
202. Duff & Phelps Investment Mgmt.	1,049
203. Phoenix Mutual Life	1,031
204. First Union/Capital Mgmt.	1,020
205. Copley Real Estate Advisors	1,008
206. General American Life	1,005
207. Shearson Asset Mgmt.	1,005
208. Fidelity International	1,000
209. Provident Investment Counsel	1,000
210. Hotchkis and Wiley	991
211. Rainier National Bank	973
212. Value Investors	962
213. Eastdil Realty	954
214. Union Labor Life Insurance Co.	950
215. Old Kent Bank and Trust Co.	948
216. MPT Associates	946
217. T. Rowe Price-Fleming International	943
218. Warburg Pincus Counsellors	941
219. McGlinn Capital Management	940
220. General American Investors	921
221. M&I Investment Management	918
222. Eaton Vance Management	901
223. Meridian Asset Management Inc.	885
224. Strong/Corneliuson Capital Mgmt.	885
225. Siebel Capital Management	884
226. Riggs National Bank	880
227. First Manhattan Capital Mgmt.	873
228. Manufacturers Life Insurance	860
229. Beacon Asset Management	843
230. Wall Patterson McGrew & Hamilton	835
231. Seafirst Bank	819
232. Schoder Capital Management	816
233. Landauer Advisors Inc.	804
234. Cole Yeager & Wood	800
235. Trustee & Investors Co.	800
236. David J. Greene & Co.	798
237. NSR Asset Management	797
238. Glickenhaus & Co.	790
239. Investment and Capital Mgmt.	784
240. Balch Hardy & Scheinman	780
241. HT Investors Inc.	777
242. Tenneco Asset Management	775
243. First Interstate Bank of Oregon	765
244. Valley National Bank of Arizona	761
245. Drexel Burnham Lambert	760
246. Hutton Capital Management	758
247. Frontier Capital Management Co.	757
248. J.H. Ayres & Co.	750
249. Bear Stearns Asset Management	750
250. Luther King Capital Management	750
251. Schafer Capital Management	750
252. Dean Witter Reynolds-Intercap Div.	748
253. Huntington National Bank	745
254. Analytic Investment Management	718
255. Trinity Investment Management	702
256. Union Central Life Insurance Co.	701
257. Coldwell Banker Capital Mgmt.	700
258. Mellon Real Estate Investment	700
259. Trust Services of America	700
260. Lynch & Mayer Inc.	694
261. Chicago Title & Trust Co.	685
262. Liberty National Bank of Louisville	680
263. Olympic Capital Management Inc.	678
264. Waddell & Reed Asset Mgmt.	677
265. Cashman Farrell and Associates	670
266. Atlanta Capital Management Co.	666
267. Investment Counselors of Md.	665
268. Union National Bank of Pittsburgh	663
269. Hellman Jordan Management	662
270. Smith Barney Harris Upham	661
271. Reimer & Koger Inc.	657
272. Dillion Read Capital	644
273. Hagler Mastrovita & Hewitt Inc.	640
274. Kingsley Jennison McNulty & Morse	636
275. Toledo Trust Co.	635
276. Security Norstar Bank	628
277. C.S. McKee & Co.	625
278. Vaughan Nelson Scarborough	625
279. BancOhio National Bank Trust	623
280. Reich & Tang Inc.	606
281. G.T. Capital Management Inc.	602
282. Hoisington Investment Mgmt.	600
283. Wells Fargo Realty Advisors	600
284. Sun Banks Inc.	592
285. Stacey Braun Associates Inc.	591
286. Western Reserve Capital Mgmt.	581
287. CB International Investments Ltd.	580
288. Campbell Advisors Inc.	580
289. Solomon Asset Management Inc.	574
290. Newbold's Asset Management	572
291. Society National Bank	570
292. Norvest	569
293. Management Asset Corp.	564
294. Ruane Cunniff & Co.	558
295. Security Capital Real Estate	552
296. Mitchell Hutchins Asset Mgmt.	550
297. Schroeder Real Estate Associates	550
298. Treynor-Arbit Associates	550
299. First Wisconsin National, Madison	543
300. MSecurities Corp.	538
301. Southeastern Asset Management	530
302. Harris Associates	527
303. First Pennsylvania Bank	525
304. SCNC Advisory Corp.	525
305. Scudder Realty Advisors Inc.	520
306. Third National Bank	520
307. Reams Asset Management Co.	505
308. Marine Investment Management	504
309. Bessemer Trust	503
310. Degnan & Gillespie Fixed-Income	501
311. Anhalt/O'Connell Inc.	493
312. IAA Trust Co.	489
313. Harbor Capital Management Co.	487
314. Franklin Portfolio Associates	483
315. Dreman & Embry Inc.	475
316. ABD International Management	474
317. Avatar Associates	470
318. Fort Hill Investors Management	466
319. Ret. System for Savings Inst.	464
320. The Karsten Cos.	463
321. Amalgamated Life	461
322. Citizens Fidelity Bank & Trust Co.	450
323. Pacific Financial Research	444
324. TCW Realty Advisors	442
325. Philadelphia Saving Fund Society	440
326. Trident Investment Management	434
327. Laidlaw Capital Management	434
328. Qualivest Capital Management	429
329. Sterling Capital Management Co.	425
330. Rice Hall James & Associates	420
331. Investors Research Corp.	418
332. Montag & Caldwell	417
333. Argus Investors Counsel	415
334. Estabrook Capital Management Inc.	410
335. Continental Investment Advisors	409
336. Beutel Goodman Capital Mgmt.	400
337. Key Trust Co.	400
338. Victor Palmieri and Co.	400
339. The Rothschild Co.	400
340. Thomson McKinnon Asset Mgmt.	400
341. Wood Struthers & Winthrop Mgmt.	400
342. Tallasi Management Co.	393
343. First of America Investment Mgmt.	390
344. P.C.M. International	390
345. Minton/Newbold's Capital Mgmt.	389
346. Geewax Terker & Co.	385
347. Redwood Capital Management	385
348. Home Life Insurance Co.	384
349. First National Bank of Cincinnati	382
350. Tom Johnson Investment Mgmt.	380
351. George D. Bjurman & Associates	376
352. Dauphin Deposit Bank & Trust Co.	375
353. Baring International Investment Ltd.	372
354. Peregrine Capital Management	369
355. Lexington Management Corp.	362
356. Lomas & Nettleton Advisory Group	360

Managers ranked by tax-exempt assets

Manager	As of Jan. 1 ($ millions)
357. Michigan National Investment Corp.	352
358. SAFECO Asset Management Co.	350
359. Weaver C. Barksdale & Associates	348
360. Provident Mutual Life	347
361. Lowe Brockenbrough Tierney	340
362. Merganser Capital Management	340
363. Union Trust Co.	338
364. The Chicago Corp.	330
365. Investment Counsel Co. Realty	325
366. FJW Financial Management	325
367. Pilgrim Baxter Hoyt Greig	320
368. Harris Greenhouse Kutzel	318
369. Jundt/Capen Associates Inc.	315
370. BayBank Middlesex	315
371. First of America Bank Corp.	313
372. Unity Management	312
373. RNC Capital Management Co.	306
374. Investment Management Group	305
375. Delafield Asset Management Inc.	304
376. Bank of California	303
377. Sentry Investment Management	301
378. Am Cal Co.	300
379. Bank of Virginia Trust Co.	300
380. Dominion Trust Co.	300
381. First Interstate Bank of Arizona	300
382. McCullough Andrews & Cappiello	300
383. Mid America Bank of Louisville	300
384. BMI Capital Corp.	298
385. First Interstate Bank of Washington	297
386. Idaho First National Bank	295
387. Crambit & Carney Inc.	293
388. Lee Robinson & Steine Inc.	292
389. Investment Advisors	291
390. Atalanta Capital Corp.	290
391. Kiene Wooters & Associates Inc.	288
392. Commerce Bank of Kansas City	287
393. William D. Witter	286
394. GAMCO Investors Inc.	285
395. CM & M Asset Management Co.	278
396. Haven Capital Management	276
397. Roanoke Asset Management	275
398. Jones Lang Wootton Realty Advisors	272
399. Morley Capital Management	272
400. SBL Capital Management Corp.	270
401. Martin Currie Inc.	270
402. Townley Capital Management	270
403. Wheat Investment Advisors Inc.	269
404. Alex Brown Investment Mgmt.	267
405. InterFirst Bank of Fort Worth	267
406. NWQ Investment Management	267
407. Debenham Tewson	260
408. Merchants Investment Counseling	260
409. Ward & Wisener Capital Mgmt.	260
410. Palm Beach Capital Management	255
411. Chesiwick Gillespie & Co.	250
412. Citytrust	250
413. Gofen and Glossberg	250
414. Lehndorff & Babson Real Estate	249
415. R. Meeder & Associates Inc.	248
416. Meridian Management Co.	248
417. Van Deventer & Hoch	245
418. Rothschild Asset Management	243
419. Kleinwort Benson International	242
420. L.J. Melody & Co.	239
421. Webster Management Corp.	234
422. Froley Revy Investment Co.	233
423. Quest Advisory Corp.	232
424. PRIMECAP Management Co.	231
425. Dean Investment Associates	230
426. Trainer Wartham & Co. Inc.	225
427. W.H. Reaves & Co.	223
428. Maryland National Bank	220
429. Tower Capital Management	220
430. Wolf Webb Burk & Campbell	220
431. Commerce Bank of St. Louis County	219
432. Penmark Investments Inc.	217
433. Nomura Capital Management	215
434. Donald Smith & Co. Inc.	215
435. Veraus Capital	213
436. Kent Associates Inc.	210
437. Property Capital Advisors	210
438. Capital Advisors Inc.	203
439. Leavy Investment Mgmt.	202
440. Dearden Maguire & Weaver	200
441. First NBC	200
442. First Nat'l Bank & Trust, Tulsa	200
443. GeoCapital Corp.	200
444. Landmark Union Trust	200
445. Life Insurance Co. of Ga.	200

Manager	As of Jan. 1 ($ millions)
446. Stock Yards Bank & Trust Co.	200
447. Allen & Associates	199
448. Herbert R. Smith	198
449. The Ohio Co.	197
450. C-S Capital Advisors	193
451. U.S. Trust Co., Boston	190
452. Westwood Management	190
453. Mutual Service Life	187
454. Van Cleef Jordan & Wood	185
455. Daniel Breen & Co.	178
456. Capital Advisors Inc.	177
457. Johnson Valliant & Broadfoot	177
458. Chase Investment Counsel	175
459. Crocker Real Estate	175
460. Frost National Bank	175
461. First Security Bank of Idaho	172
462. Fourth National Bank of Tulsa	172
463. Warburg Investment Mgmt. Int'l.	172
464. Daiwa International Capital	171
465. Renaissance Investment Mgmt.	166
466. Ruggles & Crysdale Assoc.	165
467. E.W. Axe & Co.	163
468. Federated Investment Counseling	162
469. Kemper-Murray Johnstone Int'l	160
470. M. Pescatello & Co.	160
471. Bank of Delaware	159
472. Burnham & Co.	159
473. Magten Asset Mgmt.	159
474. Nelson Benson & Zellmer	156
475. Colorado National Bank	155
476. Fiduciary Counsel	155
477. United Jersey Bank	155
478. N.M. Rothschild International	154
479. Hanson Investment Mgmt.	152
480. Leylegian Investment Mgmt.	150
481. Loeb Partners Realty	150
482. NBD Ann Arbor	150
483. Peoples Nat'l Bank, Washington	150
484. Steinhardt Partners	150
485. Winchester Capital Mgmt.	150
486. First Jersey National	149
487. Summit Management Co.	149
488. Kirr Marbach & Co.	148
489. NC Capital Mgmt. Group	146
490. Inverness Counsel	144
491. Garrison Keogh & Co.	141
492. Equitable Bank	140
493. Prudential-Bache Investment	140
494. Rampart Investment Mgmt.	140
495. The Illinois Co.	140
496. Gray Seifert & Co.	139
497. Smith Affiliated Capital	138
498. Potomac Asset Management	137
499. Mellon-Pictet International	136
500. Bartlett & Co.	136
501. First Interstate Investment	135
502. Liberty Capital Management	135
503. National Bank of Commerce	135
504. Markston International Inc.	133
505. First Commercial Trust	130
506. First National Lincoln	130
507. MassCo Investment Mgmt.	130
508. Prescott Asset Management	130
509. Amvest Corp.	126
510. Kronwall Capital Management	126
511. Baxter & Hoops Inc.	125
512. John McStay Investment Counsel	125
513. New Jersey National Bank	125
514. Rittenhouse Financial Services Inc.	125
515. Trevor Stewart Burton & Jacobson	125
516. United Investment Counsel Inc.	125
517. Connors Investor Services	124
518. Julian A. Lerner & Associates	124
519. Cutler & Co. Inc.	124
520. Disciplined Investment Advisors	122
521. A.M. Kalling & Associates Ltd.	122
522. American Capital Advisors	120
523. Merchants National Bank	120
524. Provident Bank-Trust Dept.	120
525. The Spangler Group	120
526. The Alan G. Seidner Co.	119
527. Ashland Management Inc.	117
528. Cambier Investors Inc.	115
529. Dawson-Henry Capital Mgmt.	115
530. AFA Financial	114
531. Merchants Nat'l Bank of Muncie	114
532. Astrop Advisory Corp.	110
533. Bank of New Hampshire	110
534. C.J. Lawrance Management	110

Manager	As of Jan. 1 ($ millions)
535. Loewi Asset Management Corp.	110
536. Manning & Napier Advisors	110
537. Heartland Capital Management	107
538. Dana Investment Advisors	106
539. Campbell Reed Conner & Birdwell	105
540. First Equities Inst'l Properties	105
541. Janus Capital Corp.	105
542. Amoskeag National Bank & Trust	102
543. Richard Ellis Inc.	102
544. Johnson Investment Counsel	101
545. Bradford Marzec	100
546. Burgess Capital Corp.	100
547. Globe Finlay	100
548. Ivory & Sime International	100
549. Marquette Capital Management	100
550. Nicholas-Applegate Capital	100
551. Pilgrim Management Corp.	100
552. Wedge Capital Management Inc.	100
553. First Investors Asset Mgmt.	99
554. Stuyvesant Capital Management	99
555. Capital Management Corp.	98
556. Breau Capital Management	97
557. Capitol Bank and Trust Co.	97
558. Gainer Bank	96
559. Hahn Holland & Grossman	95
560. MPACT Securities Corp.	95
561. Kirkpatrick Pettis Smith Polian	94
562. Gerald L. Ray & Associates	94
563. George B. Springman	94
564. IDS/Gartmore International	93
565. Security Nat'l Bank of Sioux City	93
566. Thorson Brown & Plunkett	91
567. Gould Research	90
568. Seattle Trust & Savings Bank	90
569. Tukman Capital Management	90
570. Virginia Investment Counselors	90
571. Investors Research Co.	88
572. Michael B. O'Higgins	87
573. Old Stone Trust Co.	87
574. PMRealty Advisors	87
575. Winrich Capital Management	86
576. Anderson Hoagland & Co.	86
577. Mortgage Investors Advisory	86
578. First Bank Milwaukee	85
579. James Investment Research	85
580. The Pacific Century Group	85
581. JCB Asset Management	84
582. Wasatch Advisors	84
583. Yamaichi Capital Management	84
584. Nikko-Charterhouse J. Rothschild	83
585. Eagle Asset Management	82
586. Bayrock Advisors	80
587. Cedarpoint Capital Management	80
588. Lipper Analytical Services Inc.	80
589. The Bank of Tokyo Trust Co.	78
590. Mid-State Bank and Trust Co.	78
591. Fiske Capital Management	77
592. Gintel Equity Management	77
593. Alpine Capital Management Corp.	76
594. First Nat'l Bank of Shreveport	76
595. Oregon Bank	76
596. Commerce Capital Management Inc.	75
597. Investors Management Services	75
598. Wm. Mason & Co. Inc.	75
599. Republic National Bank of N.Y.	75
600. ValueQuest Ltd.	75
601. Consensus of Insiders	74
602. Maritime Asset Management	74
603. A.R. Schmeidler & Co.	73
604. Securities Counselors of Iowa	73
605. Hambrecht & Quist Equity Mgmt.	72
606. Millikin Nat'l Bank of Decatur	72
607. First City Bank of Dallas	71
608. Growth Stock Outlook	70
609. Daniel H. Renberg & Associates	70
610. U.S. Nat'l Bank of Galveston	70
611. Ming & Associates	69
612. Kahn Brothers & Co.	69
613. Churchill Management Corp.	68
614. First Security Nat'l Bank & Trust	68
615. Campbell Newman Pottinger	66
616. Madison Investment Advisors Inc.	65
617. Pacific Asset Management	65
618. SeaGate Capital Management	65
619. United Bank & Trust Co.	65
620. Gateway Investment Advisors	64
621. Gulf Investment Management	64
622. Thompson/Rubinstein Investment	62
623. Aetna Montagu Asset Mgmt.	61

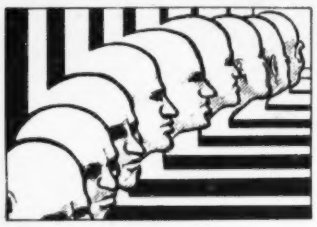
Manager	As of Jan. 1 ($ millions)
624. Stephenson and Co.	61
625. American Nat'l Bank & Trust, Mich.	60
626. P.E. Becker Inc.	60
627. Carret & Co.	60
628. Moran Moore Grossman & deRose	60
629. Noddings-Calamos Asset Mgmt.	60
630. Qualified Counseling Inc.	60
631. Schupf Woltman & Co. Inc.	60
632. Dietche & Field Advisors	57
633. Alexander Scrivner & Assoc.	57
634. Park National Bank	57
635. CIMG Inc.	56
636. Midlantic Nat'l Bank & Trust	56
637. National Life Insurance Co.	56
638. Badgley & Phelps Inc.	55
639. Cowen Asset Management	55
640. FNB Gainesville	55
641. Kurtz Capital Management	55
642. Research Associates Mgmt.	54
643. Wardley Marine International	54
644. Rothschild Securities Corp.	53
645. Sullivan Morrissey & Mickle	52
646. Union Bank & Trust Co. of E. Pa.	52
647. Evans & Moxon Capital Mgmt.	51
648. Wilson Foster & Co.	51
649. E.M.G. Advisors	51
650. Abner Herrman & Brock Inc.	50
651. Julius Baer Investment Mgmt.	50
652. Ballard Biehl & Kaiser Inc.	50
653. C.H. Brown Co.	50
654. DanBell Capital Management	50
655. The Fields Investment Group	50
656. Greenspan O'Neil Associates	50
657. Thomas J. Herzfeld	50
658. Life Investors Management	50
659. Saybrook Capital	50
660. Parmelee Management Corp.	49
661. Financial Trust Co.	47
662. Hutchinson Nat'l Bank & Trust	47
663. Charleston National Bank	46
664. Ferris Investment Advisory	46
665. Franklin Mgmt./Franklin R&D Corp.	46
666. Second Nat'l Bank, Hamilton, Ohio	46
667. Sirach Inc. Investment Counsel	46
668. Wakely & Roberton Inc.	46
669. D.A. Management Consultants	45
670. Excalibur Management Corp.	45
671. Farmer & Lang Inc.	45
672. Charles W. Gould	45
673. Rocky Mountain Investors	45
674. Rollert & Sullivan	45
675. Clutinger Williams & Verhoye	44
676. D.F. Dent & Co.	44
677. Jamison Eaton & Wood	44
678. Gradison & Co.	42
679. Cabanne Smith Associates	42
680. Howe & Rusling	41
681. Argus Investment Mgmt.	40
682. Berry Hartell & Evers	40
683. Cadinha & Co.	40
684. Capital Technology	40
685. Furman Selz Capital	40
686. Legg Mason Capital Mgmt.	40
687. Cumberland Advisors Property	38
688. Somerset Capital Management	38
689. Moline National Bank	37
690. Key Bank of Central Maine	37
691. Equitec Institutional Realty	36
692. McMillion/Eubanks Capital	36
693. Lesesne & Co.	35
694. Acquest Capital Management	35
695. American Capital Management	35
696. American National Bank	35
697. Corporate Pension Funding	35
698. Smathers & Co. Inc.	35
699. Van Eck Associates Corp.	35
700. D.J. St. Germain Co.	34
701. Dale K. Ehrhart Inc.	33
702. Bounty Management Corp.	32
703. Grace Capital Inc.	32
704. Gannett Welsh Ives & Kotler	31
705. Kanne Paris Hoban	31
706. Saint Paul Advisors	31
707. City National Bank of Miami	30
708. Dain Corp.	30
709. Flagship Financial Inc.	30
710. Guild Investment Management	30
711. T.J. Holt & Co.	30
712. William J. Kautz Associates	30

Managers ranked by tax-exempt assets

Manager	As of Jan. 1 ($ millions)
713. Robshaw & Cheskin Associates	30
714. Ronald Sadoff Associates	30
715. Shaw Management Co.	30
716. Target Investors	30
717. Composite Research & Mgmt.	29
718. Financial Aims Corp.	29
719. IDS Growth Spectrum Advisors	28
720. Moseley Capital Management	28
721. Systematic Financial Management	28
722. Amev Asset Management	27
723. Munsch Capital Management	27
724. Pacific Realty Advisors	27
725. Portfolio Capital Management	27
726. D.J. Investment Advisors	25
727. First Wilshire Securities	25
728. Ganz Associates	25
729. Hayden Associates	25
730. Jenswold King & Associates	25
731. Lotsoff Capital Management	25
732. Multinational Investments	25
733. Calcasieu Marine Nat'l Bank	24
734. Crawford Investment Counsel	24
735. Douglas Noyes & Co.	24
736. Jurika & Voyles Inc.	24
737. SBC Portfolio Mgmt. Int'l	24
738. Davenport Asset Management	23
739. Dawes Investment Service	23
740. Reiser-Builder Inc.	23
741. Technological Investors Mgmt.	23
742. Hodges Capital Management	22
743. Murphy Capital Management	22
744. Wertheim-Philippe Int'l	22
745. Berg Capital Corp.	20
746. William Campbell & Co.	20
747. Commerce Investment Management	20
748. Fielding Management Co.	20
749. R.W. Graybill Ltd.	20
750. NorthWest Quadrant	20
751. Paribas Asset Management	20
752. Pension Management Co.	20
753. Regan Money Managers	20
754. Waycross Investment Mgmt.	20
755. Systematic Investors Inc.	19
756. Delta Financial Management	18
757. Folger Nolan Fleming Douglas	18
758. Rea Nelson & Staight Inc.	18
759. The Chapman Co.	17
760. Computime Institutional Svcs.	17
761. R.M. Leary & Co.	17
762. Capital Counseling Service	17
763. Sutro Capital Management	16
764. MH & Associates, Securities Mgmt.	16
765. Walter M. Dixon Jr. Inc.	16
766. Professional Asset Management	16
767. DP Asset Management Inc.	15
768. Meridian Capital Management	15
769. Peckham Boston Co.	15
770. Security Funding Corp.	15
771. Oakwood Counselors Inc.	14
772. Trendstat Capital Management	14
773. Interstate Asset Management	13
774. Ariel Capital Management	12
775. Ariston Capital Management	12
776. Davis Weaver & Medel	12
777. European-American Securities	12
778. Franklin Asset Mgmt. Systems	12
779. Fraser Management Associates	12
780. Kenneth J. Gerbino & Co.	12
781. Beese Fulmer & Pincoe	11
782. The Campbell Group	11
783. Duval Management	11
784. Foreign & Colonial Asset Mgmt.	11
785. Parker Dillon Carlson & Johnson	11
786. James River Capital Mgmt.	11
787. American Agricultural Investment	10
788. American Fund Advisors	10
789. Aronson & Fogler	10
790. John M. Cunningham	10
791. Milbank Tanaka & Associates	10
792. Mt. Auburn Management	10
793. Pension Portfolio Advisors	10
794. RPI Institutional Services	10
795. T.W. Richardson & Co.	10
796. Edward C. Rorer & Co.	10
797. SABL Associates	10
798. Somerset Trust Co.	10
799. Catanzarite Investment Advisors	9
800. John Stewart Darrell & Co.	9
801. Hoppe Asset Management Inc.	9
802. Tamarack Investment Counsel	9
803. Addison Capital Management	8
804. Eickoff & Pieper	8
805. T.M. Griffing Associates	8
806. The Robert A. McNeil Corp.	8
807. Maury Wade & Co.	8
808. Zavanelli Portfolio Research	8
809. Florence Fearrington	7
810. Kreger Capital Management	7
811. Merkle Kapital Management	7
812. Muhlenhamp & Co.	7
813. Perkins Capital Management	7
814. William A. Inskeep & Co.	6
815. Newhard Cook Advisory Svcs.	6
816. Simpson Capital Management	6
817. Trascott Alyson Craig Inc.	6
818. Clifford Associates Inc.	5
819. KAS Investment Consultants	5
820. RAC Advisors Inc.	5
821. Ramsay & Ellsworth	5
822. Unified Management Corp.	5
823. Centurian Capital Mgmt.	4
824. David W. Cook & Co.	4
825. Knowles & Hazlett Ltd.	4
826. Portfolio Timing Inc.	4
827. David E. Ware & Associates	4
828. Keeley Asset Management	3
829. Santaularia & Associates	3
830. Alphaquest Asset Management	3
831. North American Capital Mgmt.	3
832. Wagstaff Lodefink & Associates	3
833. First Investors Equity Mgmt.	3
834. Newport Pacific Management	2
835. The Nicholson Group	2
836. Platner & Associates	2
837. James Punderson & Co.	2
838. Townsend Asset Management	2
839. Trees Trust and Investment Counsel	2
840. Warlick & Baker	2
841. James T. Cambier Investment	1
842. Thomas D. Kielen Corp.	1
843. Leonard Management Group	1
844. Steele & Co. Ltd.	1
845. Tel Advisors Inc.	1
846. Lingo Capital Management	0
847. ACP Advisers	0
848. AMB Investments	0
849. Adams Express Co.	0
850. AgriVest	0
851. American Express Asset Mgmt.	0
852. Applied Portfolio	0
853. Armour Douglas Capital Mgmt.	0
854. Boston Financial Real Estate	0
855. CSFB Investment Management	0
856. Capital Management Int'l	0
857. Chemical Bank-Capital Markets	0
858. Commodity Management Service	0
859. Copper Beach Capital Service	0
860. Disciplined Portfolio Mgmt.	0
861. First Boston Asset Mgmt.	0
862. Kangyo Kakumaru Capital Mgmt.	0
863. New Japan Capital Management	0
864. The Options Group	0
865. Options Research Inc.	0
866. PRIMCO Capital Management	0
867. Pacholder Associates Inc.	0
868. Petroleum & Resources Corp.	0
869. Simmons Financial Management	0
870. Stanfill Paulson Co.	0
871. Swiss American Asset Mgmt. Int'l	0
872. Touche Remnant Pension Fund	0
873. United Trust Fund	0
874. Wagner Southern Forest	0
TOTAL	**1,034,249**

Top 100 advisers ranked by total assets ($ millions)

1. Metropolitan Life Insurance	67,354	
2. Aetna Life and Casualty	50,997	
3. The Travelers Co.	38,396	
4. CIGNA	34,800	
5. Prudential Asset Management	34,189	
6. The John Hancock Co.	32,580	
7. J.P. Morgan Investment Mgmt.	31,817	
8. Bankers Trust	31,191	
9. Equitable Life Assurance	28,000	
10. Citicorp Investment Mgmt.	25,000	
11. Kemper Financial Services	22,491	
12. New York Life Insurance	22,251	
13. National Bank of Detroit	21,405	
14. Mellon Bank	20,596	
15. Manufacturers Hanover	20,420	
16. Equitable Real Estate	20,400	
17. Alliance Capital	19,710	
18. T. Rowe Price Associates	16,800	
19. Wellington/Thorndike Doran	16,012	
20. Chase Investors	16,000	
21. Harris Trust and Savings Bank	14,723	
22. Wells Fargo	14,110	
23. The Northern Trust Co.	13,823	
24. Massachusetts Mutual Life	13,449	
25. Loomis Sayles & Co.	13,436	
26. Scudder Stevens & Clark	13,264	
27. Lincoln National	13,000	
28. Dean Witter Reynolds	12,956	
29. The Bankers Life	12,717	
30. Lehman Management Co.	12,330	
31. Batterymarch Financial Mgmt.	12,140	
32. Wilmington Trust Co.	12,000	
33. BA Investment Mgmt.	11,943	
34. Jennison Associates	11,800	
35. JMB Institutional Realty	11,500	
36. State Street Bank & Trust	11,273	
37. State Street Research & Mgmt.	10,800	
38. MONY	10,800	
39. U.S. Trust Co. of New York	9,800	
40. Continental Illinois Corp.	9,544	
41. Brown Brothers Harriman	9,400	
42. Capital Guardian Trust Co.	9,317	
43. Criterion Investment Mgmt.	9,200	
44. Great-West Life Assurance Co.	9,067	
45. Stein Roe & Farnham	8,884	
46. The Boston Co.	8,720	
47. Fayez Sarofim & Co.	8,718	
48. Capital Research and Mgmt.	8,625	
49. Fiduciary Trust Co. of New York	8,500	
50. New England Mutual Life	8,427	
51. AmeriTrust Co.	8,400	
52. Mutual Benefit Life	8,350	
53. Favia Hill & Associates	8,165	
54. Fischer Francis Trees & Watts	8,138	
55. Massachusetts Financial Services	8,135	
56. Equitable Investment Mgmt.	7,701	
57. Crocker National Bank	7,400	
58. Connecticut Mutual Life	7,320	
59. Mitchell Hutchins Asset Mgmt.	7,162	
60. Prudential-Bache Investment	7,100	
61. RepublicBank Trust/Dallas	6,800	
62. American National Bank & Trust	6,700	
63. Neuberger & Berman	6,675	
64. Trust Co. of the West	6,500	
65. Delaware Investment	6,425	
66. Irving Trust Co.	6,000	
67. First Chicago	5,997	
68. Centerre Trust Co. of St. Louis	5,888	
69. InterFirst Investment Mgmt.	5,775	
70. Oppenheimer Capital Corp.	5,738	
71. Transamerica Investment	5,700	
72. National City Bank	5,647	
73. Texas Commerce Bank	5,500	
74. The Putnam Advisory Co.	5,460	
75. Lord Abbett & Co.	5,331	
76. Rosenberg Capital	5,320	
77. NCNB National Bank	5,200	
78. The Boatmen's National Bank	5,100	
79. INVESCO Capital Management	5,072	
80. Miller Anderson & Sherrerd	5,068	
81. Manufacturers National, Detroit	5,000	
82. Union Mutual Life Insurance	4,742	
83. Connecticut National Bank	4,739	
84. Marine Midland Bank	4,600	
85. Pioneering Management	4,600	
86. Philadelphia National Bank	4,561	
87. Copley Real Estate Advisors	4,545	
88. American Fletcher National Bank	4,500	
89. Mercantile Trust Co.	4,500	
90. Fidelity Bank	4,460	
91. Sanford C. Bernstein & Co.	4,435	
92. Templeton Group	4,426	
93. First Trust Co. of St. Paul	4,354	
94. Wachovia Bank & Trust Co.	4,333	
95. Standish Ayer & Wood	4,326	
96. Pittsburgh National Bank	4,321	
97. Central National Bank	4,265	
98. Security Pacific Investment	4,157	
99. Lincoln Capital Mgmt.	4,143	
100. Continental Assurance Co.	4,116	
TOTAL	**1,197,567**	



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ABD International Management Corp.

10 E. 53rd St., New York, N.Y. 10022; (212) 319-5020

Total assets managed	$474,000,000
Tax-exempt assets managed:	
Total	$474,000,000
Fully discretionary	$474,000,000
International assets managed	$474,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	12
Types of accounts managed	CG
No. of portfolio managers	4
Size of research staff	77

ABD International Management Corp. is engaged in international equity, fixed-income and currency management.

Its equity approach combines growth stock and sector rotation. It looks for real values at reasonable prices and has capabilities of investing in up to 19 markets worldwide. It manages currencies to protect portfolio value in U.S. dollar terms, and hedging activity can be heavy at appropriate times. It aims to produce superior investment returns through its currency management program and stock selection while controlling the risks inherent in both currency and security price movements by actively managing currency positions and following specific guidelines concerning the structure of securities portfolios.

Its fixed-income approach anticipates both interest rates and currency changes.

The asset mix Jan. 1 was 76% stocks and 24% cash.

The $314 million net gain in new tax-exempt business for 1984 was made up of $192 million in equities, $15 million in fixed income and $107 million in currency management. Eight tax-exempt clients were added.

Stocks accounted for $352 million of the $474 million invested in international markets for U.S. tax-exempt clients. ABD had $107 million in currency management and $15 million in bonds.

AT&T, United Technologies Corp., General Electric and Oregon Public Employees are among the firm's 12 tax-exempt clients.

Research is 60% in-house; 550 stocks are followed closely.

Ullrich Moser, president, is the chief investment officer. Jill B. Jordon, vice president-director of marketing, is the client contact.

ABD is a joint venture of the Dresdner Bank AG, Frankfurt, with 75% ownership, and the Hypo-Bank, Munich, with 25%. Assets under management by the parents and all subsidiaries total $11 billion.

Abner, Herrman & Brock Inc.

77 Water St., New York, N.Y. 10005; (212) 742-1080

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Minimum separate account	$100,000
Tax-exempt clients	40
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	3

Abner, Herrman & Brock Inc., an equity and balanced manager, combines low P/E and sector rotation, using a high yield, total return approach in equities. It is value-oriented and contrarian.

With a passive approach to fixed income, the firm staggers maturities in government and high-grade corporate issues.

The asset mix was 50% stocks, 40% bonds and 10% cash Jan. 1.

The firm netted $15 in new tax-exempt business for 1984; $9 million for equities and $6 million for fixed. Ten tax-exempt clients were added.

Clients include National Conference of Christians & Jews, Central National Bank and Allan Electric.

Half of its research originate in-house; 70 stocks are followed closely and 200, generally.

Howard J. Abner, chairman, is chief investment officer. Michael Toonkel, vice president-marketing, is client contact.

ACP Advisers Inc.

400 Park Ave., New York, N.Y. 10022; (212) 826-9700

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$5,000,000
No. of portfolio managers	4
Size of research staff	4

ACP Advisors Inc., a real estate manager, was established December 1984.

It invests in well-located, high-quality, underperforming real estate offering significant short-term capital appreciation potential.

Daniele Bodini, president, is the chief investment officer. Debra Flanz, director-new business development, is the client contact.

American Continental Properties Inc. is the parent.

Acquest Capital Management Inc.

300 E. Long Lake Road, Suite 280, Bloomfield Hills, Mich. 48013; (313) 645-5130

Total assets managed	$40,000,000
Tax-exempt assets managed:	
Total	$35,000,000
Real estate assets managed	$35,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	6
Types of accounts managed	CJ
No. of portfolio managers	3
Size of research staff	1

Acquest Capital Management Inc., a real estate manager, had 60% of the $35 million tax-exempt assets under management in equity real estate and 40% in mortgages Jan. 1.

As registered investment advisers, Acquest works closely with in-house investment managers, evaluating real estate investment policy and strategy. Conservatism and cash returns are emphasized over speculation and future appreciation.

For 1984, the net gain in new tax-exempt business was $12 million.

Among its six tax-exempt clients are Dow Chemical, Operating Engineers and Rank Organisation of London.

David G. Ong, president, is the chief investment officer; Mr. Ong and Chairman James L. Collins are the client contacts.

The Adams Express Co.

201 N. Charles St., Baltimore, Md. 21201; (301) 752-5900

Total assets managed	$365,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$10,000,000
No. of portfolio managers	2
Size of research staff	7

The Adams Express Co. is an equity manager basing its strategy on risk-averse investment through an emphasis on the value, quality and investment merit of each security.

It began offering separate account investment management to tax-exempt funds in 1983.

All its research originates in-house; 250 stocks are followed closely and 500, generally. It uses options.

W.D. MacCallan, chairman of the board, is the chief investment officer. Monica C. Loh, vice president-investment advisory services, is the client contact.

The firm owns 12% of Petroleum & Resources Corp., a non-controlled affiliate.

P&I Age's annual master trust directory will run May 27.

Addison Capital Management

1435 Walnut St., Philadelphia, Pa. 19102; (215) 568-2600

Total assets managed	$51,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$5,400,000
Minimum separate account	$500,000
Tax-exempt clients	5
Types of accounts managed	CEF
No. of portfolio managers	2

Addison Capital Management, an equity and balanced manager, has a value-oriented and contrarian equity philosophy. It employs a broadly diversified list of out-of-favor issues drawn from a mixture of capitalization sizes to achieve superior returns.

Its fixed-income approach is passive; portfolios contain a range of maturities suited to account objectives and risk tolerances.

The asset mix Jan. 1 was 85% stocks, 12% bonds and 3% cash.

Clients include Mather & Co., L. Liem and Health Management Systems.

Research is 80% internally generated; 200 stocks are followed closely and 2,000, generally.

Jay R. Massey, managing partner, is chief investment officer; he and Radcliffe Cheston, general partner, are the client contacts.

Adler & Co.

375 Park Ave., Suite 3303, New York, N.Y. 10152; (212) 759-2800

Total assets committed	$176,000,000
Tax-exempt assets committed	$59,500,000
Tax-exempt limited partners	20

Adler & Co., a private venture capital group started in 1978, manages eight funds.

The funds and the amounts committed are: Venad Associates, $11.7 million; Venad II, $34 million; Venad III, $24 million; Venad IV, $62.7 million; Venad IV (A), $6 million; Transatlantic Venture Capital Ltd., $8 million; Overseas Venture Capital Ltd., $20 million; and Liberty Circle Fund, $10 million.

Tax-exempt limited partners contributed $4.5 million to the Venad Associates fund; $11 million to Venad II; $10.5 million to Venad III; $23.5 million to Venad IV; and $10 million to Liberty Circle Fund.

It provides seed and first- and second-stage financings. Its industry preferences are health/life sciences, communications, semiconductors, automation equipment and data processing.

The firm also has an office in Sunnyvale, Calif.; (408) 720-8700.

The principals are Frederick R. Adler, James J. Harrison, David I. Caplan, Joy London, James E. Long, Yuval Binur, John B. Harlow II, Daniel C. O'Neill, David Blumberg and Les B. Strauss.

Mr. Adler is the client contact.

Advanced Technology Ventures

10 Post Office Square, Boston, Mass. 02109; (617) 423-4050

Total assets committed	$73,000,000
Tax-exempt assets committed	$20,000,000
Tax-exempt limited partners	7

Advanced Technology Ventures, founded in 1980, is a private venture capital firm.

It manages three funds: ATV, which closed in 1980 with $30 million; ATV-B, which closed with $15 million in 1981; and ATV-II, which closed in 1984 with $28 million. Tax-exempt limited partners contributed $13 million to the ATV fund and $7 million to ATV-II.

The firm provides start-up and first- and second-stage financing. Industry preferences include computers, communications, office automation, electronic components, alternative energy, lasers, semiconductors, medical instruments, microbiology, robotics and advanced materials.

Tax-exempt limited partners include GE, Continental Telecom and United Technologies.

The firm also has an office in Menlo Park, Calif.

The principals are Ralph J. Nunziato, Ivan E. Sutherland and Albert E. Paladino. R.C. Ammerman is the client contact.

Aetna Capital Management

145 King St. W., Toronto, Ontario M5H 3T7; (416) 864-8514

Total assets managed	$411,000,000
Tax-exempt assets managed:	
Total	$411,000,000
Fully discretionary	$314,000,000
U.S. assets managed	$68,000,000
Real estate assets managed	$160,000,000
International assets managed	$13,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	28
Types of accounts managed	CGU
No. of portfolio managers	5
Size of research staff	4

Aetna Capital Management Ltd., a Canadian firm, has equity, fixed-income, balanced, real estate and short-term capabilities. It also offers guaranteed equity management using software designed by LOR.

In equities, the firm emphasizes a careful balance of sector rotation and growth stock selection.

The fixed-income approach uses a high-yield/low-volatility orientation balanced with spread trading, including bond/mortgage shifts, and moderate movement along the yield curve.

It uses a series of closed-end real estate funds for direct ownership of up to 75% of a property by a group of two to five pension funds. Funds choose to participate on a project-by-project basis. Aetna Capital retains 25% and acts as manager. Fees are tied to performance.

The asset mix Jan. 1 was 18% Canadian stocks, 18% bonds, 13% cash, 4% equity real estate, 35% mortgages, 3% U.S. stocks and 9% guaranteed vehicles.

One-fifth of research is generated internally; 80 stocks are followed closely and 100, generally.

Ten clients are pension funds of subsidiaries of U.S. firms.

W.H. Alexander, president, is the chief investment officer; Judy Lake, assistant vice president, is the client contact.

Its parent company, Aetna Canada, has $1.4 billion in assets.

Aetna Life and Casualty Co.

151 Farmington Ave., Hartford, Conn. 06156; (203) 273-0123

Total assets managed	$50,967,000,000
Tax-exempt assets managed:	
Total	$27,956,000,000
Fully discretionary	$6,616,000,000
Real estate assets managed	$2,475,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Pooled	1,757
Individual separate	51
GICs	1,379
Other	4,902
Types of accounts managed	CFGJ
No. of portfolio managers	24
Size of research staff	54

Aetna Life and Casualty Co. offers equity, fixed-income, balanced, real estate and international capabilities.

For equities, its approach emphasizes companies with positive future earnings momentum and superior relative P/E ratio targets. Stocks are selected from a universe of companies with generally superior financial characteristics.

The fixed-income strategy is based

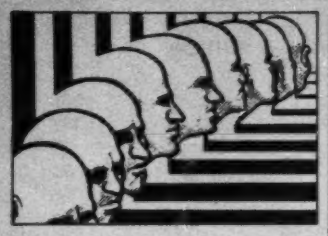
Profile statistics at a glance

Total managers profiled	**934**
U.S. banks	168
U.S. insurance cos.	35
U.S. investment counselors*	671
Canadian managers	60
Total portfolio managers employed	**4,957**
Total security analysts employed	**4,498**
Stocks watched closely (avg.):	
By banks	140
By insurance cos.	137
By counselors	148
Stocks watched generally:	
By banks	430
By insurance cos.	426
By counselors	529
% research generated internally:	
By banks	31
By insurance cos.	50
By counselors	49
No. of mgrs. using options	**238**
No. of mgrs. using stock index futures	**93**
No. of mgrs. using fixed-income futures	**87**
Total assets managed ($ billions)	**$1,733,173**
Top 200	1,460,652
Top 100	1,187,948
Tax-exempt assets managed	**1,016,203**
Top 200	884,542
Top 100	735,216
Tax-exempt assets managed by:	
Banks	279,363
Insurance cos.	192,982
Investment counselors*	558,204
Real estate assets managed	**57,970**
Equity	39,768
International assets managed	**14,587**
Equity	11,040
Bonds	2,664
Cash	953
Assets invested in GICs	**65,490**
Assets invested in 401(k) plans	**14,089**

** includes bank and insurance company subsidiaries*

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State, local, provincial govts.
J: Jointly trusteed
U: Unions (Canadian advisers only)



on income and values to control market risk while emphasizing cash flow and value to maximize total returns. Cash used to govern duration within a prescribed band (1 year plus or minus the Shearson Lehman Brothers Government/Corporate Index) is generally less than 25% of portfolio.

For real estate, it seeks strong initial cash returns through acquisition techniques and frequent use of tax efficient structures. It aggressively manages investments, including expansion where feasible and a disciplined sales program.

Of the $28 billion it manages for tax-exempt clients, $3.3 billion is in pooled separated accounts and $3.5 billion is in individual separate accounts. The asset mix Jan. 1 was 39.7% stocks, 3.6% bonds, 19.6% cash, 25.5% equity real estate and 11.6% mortgages.

Tax-exempt clients had $9.6 billion in GICs.

Aetna uses options and stock index futures and will begin to use fixed-income futures.

International capabilities are offered through Aetna Montagu Asset Management Ltd. Other subsidiaries and affiliations are Aetna Life Insurance Co., Aetna Capital Management Inc. and Aetna Realty Investors Inc.

Donald G. Conrad, executive vice president and chief financial officer, is the chief investment officer. T. Jerald Moore, vice president, is the client contact.

Aetna Montagu Asset Management Ltd.

151 Farmington Ave., Hartford, Conn. 06156; (203) 636-6251

Total assets managed	$3,440,000,000
Tax-exempt assets managed:	
Total	$81,000,000
Fully discretionary	$81,000,000
International assets managed	$81,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	28
Types of accounts managed	C
No. of portfolio managers	28
Size of research staff	10

Aetna Montagu, an international manager, bases its equity approach on growth stock and low P/E. Its active approach to international investment uses top-down allocation of countries with bottom-up stock selection through overseas investment resources. Options are used.

For fixed income, Aetna Montagu uses interest rate anticipation.

The asset mix as of Jan. 1 was 95% stocks and 5% cash.

The $11 million net gain in new tax-exempt business for 1984 was in equities. Nine tax-exempt clients were added during the year.

The firm's 25 tax-exempt clients include Army Air Force Exchange Services, Hughes Tool, Formosa Plastics and Atlantic City Electric.

Three-quarters of its research is generated internally; 400 stocks are followed closely and 700 generally.

Richard Overton, vice president, is chief investment officer; Christian Thwaites, assistant vice president, is client contact.

The firm is a joint venture between Aetna Life & Casualty and Montagu Investment Management. Assets under management by the parents and all subsidiaries total $32 billion.

AFA Financial

525 Hanna Building, Cleveland, Ohio 44115; (216) 861-1050

Total assets managed	$122,000,000
Tax-exempt assets managed:	
Total	$114,000,000
Fully discretionary	$114,000,000
Minimum separate account	$500,000
Tax-exempt clients	70
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	2

AFA Financial, an equity manager, employs Graham & Dodd equity analysis. Stocks are screened to eliminate financial, business and market risk to a defined universe of 190 high-quality securities eligible for purchase based on their yield.

For fixed income, only high-coupon government issues of triple-A bonds are purchased, with maturities based on the interest rate and M1 fluctuations.

The asset mix Jan. 1 was 86% stocks, 9% bonds and 5% cash.

The net gain in new tax-exempt business for 1984 was $19 million: $17.4 million in equities and $1.6 million in fixed; 30 clients were added.

Clients include Lamson & Sessions, Brush Wellman, Judson Brooks and Mooney Chemicals.

The firm follows 190 stocks closely.

Abraham Feldesman, president, is chief investment officer; Debra L. Collins, vice president, is client contact.

AgriVest

P.O.Box 996, 500 Winding Brook Drive, Glastonbury, Conn. 06033; (203) 659-3711

Total assets managed	$495,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$5,000,000
No. of portfolio managers	3

AgriVest, a real estate manager, offers custom-tailored, individually managed portfolios of equity real estate and mortgages. It uses a conservative, value-oriented approach, stressing fundamental property economics and active property management in only the prime agricultural regions of the United States.

George E. Schwab, president, is the chief investment officer. James B. McCandless, vice president, is the client contact.

Aldrich, Eastman & Waltch

1 Post Office Square, Boston, Mass. 02109; (617) 542-9300

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$1,400,000,000
Fully discretionary	$1,400,000,000
Real estate assets managed	$1,400,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	25
Types of accounts managed	CEGJ
No. of portfolio managers	13
Size of research staff	9

Aldrich, Eastman & Waltch Inc. is a real estate manager whose investments are primarily equity and equity-oriented debt (participating convertible and real-return mortgages) emphasizing current yield, capital preservation, inflation protection and tax efficiency.

As of Jan. 1, the asset mix was 93% equity real estate and 7% mortgage-backed securities. The net gain in new tax-exempt business for 1984 was $165 million. One client was added.

The professional staff totals 49, of which 15 handle investments, 13 are asset or portfolio managers, nine are involved in financial analysis or accounting, three are legal and nine are in administration and systems.

Thomas G. Eastman, principal, is chief investment officer; Peter C. Aldrich, principal, is client contact.

Alexander, Scriver & Associates Inc.

1099 18th St., Suite 2810, Denver, Colo. 80202; (303) 298-1858

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$57,000,000
Fully discretionary	$40,000,000
International assets managed	$10,000,000
Minimum separate account	$150,000
Tax-exempt clients	42
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	1

Alexander, Scriver & Associates Inc. is a balanced manager whose equity approach relies on Graham & Dodd and quantitative techniques. It first acts as a contrarian, looking for overreactions in markets by analyzing price information in a quantitative manner, and later applies more traditional analytical techniques to establish value.

Its fixed-income approach uses interest rate anticipation and sector analysis. The firm uses proprietary, quantitative computer techniques.

The mix of the tax-exempt assets under management Jan. 1 was 33% stocks, 33% bonds and 34% cash.

In 1984, 10 tax-exempt clients were added and $11.5 million in new tax-exempt business gained, all in equities.

Alexander, Scriver had $10 million invested in international stocks for U.S. tax-exempt clients as of Jan. 1.

Eighty percent of research is generated in-house. The firm follows 1,000 domestic and 1,200 non-U.S. issues.

The firm's 42 tax-exempt clients include Fire & Police Pension Association of Colorado, Chemical Bank Retirement Plan, Central Bank of Denver and Vicorp Restaurants.

Gerald H. Scriver, president, is the chief investment officer. Robert J. Reed, vice president, is the client contact.

Alexander, Scriver & Assoc. Inc. is a wholly owned subsidiary of Chemical New York Corp. Assets under management by the parent and all subsidiaries total $16 billion.

Fred Alger Management Inc.

75 Maiden Lane, New York, N.Y. 10038; (212) 806-8800

Total assets managed	$2,171,000,000
Tax-exempt assets managed:	
Total	$2,098,000,000
Fully discretionary	$2,098,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	77
Types of accounts managed	CPG
Size of research staff	11

Growth stock is the basis of equity manager Fred Alger Management's approach. It focuses on stocks that experience surprisingly good earnings gains: companies undergoing major positive life-cycle changes or companies selling a product or service with high unit volume growth rates.

On Jan. 1, the mix of the tax-exempt assets was 94% stocks and 6% cash. Eleven tax-exempt clients were gained in 1984; the net gain in new tax-exempt business was $67.5 million, all for equities.

Stauffer Chemical, Burlington Northern, State of Pennsylvania and United Telecommunications are among the firm's 77 tax-exempt clients.

All research is generated internally. The firm follows 1,350 stocks closely and 1,800 generally.

Fred M. Alger, president and chairman of the board, is the chief investment officer. Krista M. Woodall, vice president-client service, is the client contact.

Allen & Associates Investment Management

7 Piedmont Center, Suite 320, Atlanta, Ga. 30305; (404) 237-2223

Total assets managed	$225,000,000
Tax-exempt assets managed:	
Total	$199,000,000
Fully discretionary	$199,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	38
Types of accounts managed	CFGJ
No. of portfolio managers	3
Size of research staff	2

Allen & Associates Investment Management Inc., a balanced manager, uses a top-down, growth stock approach to equity, identifying industry sectors and stocks that are experiencing a positive and sustainable change in their earning growth rate and are selling at a substantial discount to their fair value.

For fixed income, it creates a portfolio maturity structure consistent with its expectations for interest rates and their expected impact on the general level and shape of the yield curve.

The asset mix Jan. 1 was 50% stocks, 40% bonds and 10% cash.

The net gain in tax-exempt business for 1984 was $13 million — $9 million in equities and $4 million in fixed; five clients were added.

Clients include Orlando Police & Firefighters, Scientific-Atlanta and Central Bank of the South.

25 largest GIC managers

Rank	Managers	($ millions)
1.	Metropolitan Life Insurance Co.	$14,000
2.	Equitable Life Assurance Society of U.S.	13,326
3.	Aetna Life and Casualty Co.	9,635
4.	The Travelers Companies	7,241
5.	The John Hancock Companies	5,400
6.	New York Life Insurance Co.	2,536
7.	New England Mutual Life Insurance Co.	1,565
8.	Massachusetts Mutual Life Insurance Co.	1,350
9.	Mutual Benefit Life	1,200
10.	Provident National Assurance Co.	1,076
11.	Continental Assurance Co.	971
12.	Northwest Life Insurance Co.	969
13.	Lincoln National	895
14.	Manufacturers Life Insurance Co.	830
15.	Connecticut Mutual Life Insurance Co.	683
16.	Pacific Mutual Life Insurance Co.	645
17.	MONY	525
18.	Phoenix Mutual Life Insurance Co.	435
19.	CIGNA	400
20.	The Bankers Life	350
21.	General American Life Insurance Co.	304
22.	Great-West Life Assurance Co.	250
23.	Hartford Life Cos.	243
24.	United of Omaha Life Insurance Co.	217
25.	Union Central Life Insurance Co.	105
	TOTAL	$66,201

Research is 20% internally generated; 200 stocks are followed closely and 3,400, generally.

Samuel E. Allen, president, is chief investment officer. T. Marion Slaton, vice president, is client contact.

Alliance Capital Management

140 Broadway, New York, N.Y. 10005; (212) 902-4000

Total assets managed	$19,710,000,000
Tax-exempt assets managed:	
Total	$16,317,000,000
Fully discretionary	$13,161,000,000
International assets managed	$65,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	251
Types of accounts managed	CEFGJ
No. of portfolio managers	37
Size of research staff	13

Alliance Capital Management has equity, fixed-income, balanced, international, passive and venture capital capabilities.

Its equity approach emphasizes common stock selection with emphasis on growth-oriented and smaller capitalization companies. It seeks to recognize changing secular fundamentals early on and to concentrate holdings in companies and/or groups of companies it expects to benefit as the changes are broadly recognized.

For fixed income, the firm focuses first on maturity risk to ensure preservation of capital and a real rate of return over an interest rate cycle. It then identifies those sectors of the bond market defined by issuer, quality and coupon that represent the greatest opportunity.

On Jan. 1, the mix of the tax-exempt assets was 76% stocks, 17.2% bonds and 6.8% cash. About $65 million was invested in overseas markets.

Alliance gained $88 million in net new tax-exempt business in 1984. It added 35 tax-exempt clients.

Half its research is generated internally; 300 stocks are followed closely and 450, generally.

Clients include American Can, Ford, California Teachers and Boeing.

Dave H. Williams, chairman and chief executive officer, is the chief investment officer. Jon S. Fossel, senior vice president and director of marketing, is the client contact.

Equitable Life Assurance Society of the United States is the parent.

Alphaquest Asset Management Inc.

1616 17th St., Denver, Colo. 80202; (303) 628-5554

Total assets managed	$3,000,000
Tax-exempt assets managed:	
Total	$3,000,000
Fully discretionary	$3,000,000
Minimum separate account	$300,000
Tax-exempt clients	7
Types of accounts managed	C
No. of portfolio managers	3

Balanced manager Alphaquest Asset Management bases its equity approach on growth stock. Disciplined filter analyses are used to isolate fast-growing stocks with below-average risk. The strategy portfolio holds only the "best ideas" selected by the investment management team applying fundamental and technical analysis.

The firm's fixed-income approach of optimum return is based upon the combination of quality, liquidity and maturity, sector analysis and interest-rate anticipation — all in accordance with accounts' objectives, constraints and portfolio asset allocations.

The mix of the tax-exempt assets as of Jan. 1 was 24% stocks, 21% bonds and 55% cash.

Last year, Alphaquest had a net loss of $1.7 million in tax-exempt business: $1 million in equities and $700,000 in fixed income. One client was added. Among its seven tax-exempt clients are Cottington's Inc., Mary K. Meyer & Co. and Neiman Brothers Co.

Research is 90% in-house, with 100 stocks followed closely and 1,800 generally.

Paul A.R. Beyreuther, president, is the chief investment officer. Jerry D. Boswell, senior vice president, is the client contact.

Alpine Capital Management

650 S. Cherry St., Denver, Colo. 80222; (303) 320-3944

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$76,000,000
Fully discretionary	$76,000,000
Minimum separate account	$250,000
Tax-exempt clients	110
Types of accounts managed	CFG
No. of portfolio managers	6

Alpine Capital Management Corp. is an equity manager whose investment approach incorporates an ongoing, three-step asset allocation decision process. First, a decision is made regarding overall exposures to equity, fixed-income and cash markets. Second, the investment merits of groups, industries and securities are considered. Third, the purchase and sale timing of investments is considered.

The equity approach combines growth stock, sector rotation and market timing. Its fixed-income approach relies on interest-rate anticipation.

On Jan. 1, the mix of the tax-exempt assets was 60% stocks, 30% bonds and 10% cash.

Alpine Capital uses options and stock index futures. No research is generated internally; 75 stocks are followed closely.

The net gain in tax-exempt business last year was $5 million, all in equities. Four tax-exempt clients were added.

Among the firm's 110 tax-exempt clients are City of Boulder Fire Fighters, Equity Oil and Teamsters-Food Processors.

Joseph N. Pecoraro is the client contact.

Altamira Management Ltd.

475 Michel Jasmin, Dorval, Quebec H9P 1C2; (514) 631-2347

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$180,000,000
Fully discretionary	$180,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CFU
No. of portfolio managers	2
Size of research staff	1

Altamira Management Ltd., a Canadian fixed-income manager, employs interest-rate anticipation and combines low market-risk management with an active value and substitution trading philosophy. Credit risk exposure is conservative at all times.

The asset mix Jan. 1 was 75% bonds and 25% cash.

Clients include George Weston, Falconbridge Nickel, Le Groupe Commerce and Toronto Metro.

Gary Gilmore, president, is the chief investment officer; Mr. Gilmore and David Baker, vice president, are the client contacts.

The firm is affiliated with Altamira Capital Corp., a venture capital company.

Amalgamated Bank of New York

11-15 Union Square West, New York, N.Y. 10003; (212) 255-6200

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$1,400,000,000
Fully discretionary	$1,400,000,000
Tax-exempt clients	100
Types of accounts managed	J
No. of portfolio managers	3

Amalgamated Bank of New York, a fixed-income manager, invests in U.S. government/agency bonds with five-year maximum maturities. The active manager adjusts cash according to its interest rate forecast.

All assets were in separate accounts Jan. 1. The asset mix was 94% bonds and 6% cash.

The firm netted $42 million in new tax-exempt business for 1984; 13 clients were added.

Clients include National ILGWU, National Maritime Union, National Hospital & Health Care Employees and United Furniture Workers of America.

Richard Cohen, vice president and senior trust officer, is the chief investment officer and client contact.

Amalgamated Life Insurance

770 Broadway, New York, N.Y. 10003; (212) 473-5643

Total assets managed	$461,000,000
Tax-exempt assets managed:	
Total	$461,000,000
Fully discretionary	$461,000,000
Tax-exempt clients:	
Individual separate	3
GICs	2
Types of accounts managed	CJ
No. of portfolio managers	1
Size of research staff	2

Amalgamated Life Insurance Co. offers fixed-income management with an approach that emphasizes laddered maturities from two to seven years.

All assets are in individual separate accounts. The asset mix Jan. 1 was 90% bonds, 5% cash and 5% GICs.

Clients include Amalgamated Cotton Garment and Allied Industries.

Ira Schwartz, vice president-investment and banking, is the chief investment officer and the client contact.

AMB Investments

4 Embarcadero, 35th Floor, San Francisco, Calif. 94111; (415) 956-5100

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$0
No. of portfolio managers	1

AMB Investments, a real estate manager, concentrates on target markets in Western states with strong demographics and supply constraints in master-planned areas. Substantially leased projects with minimal leasing exposure in the near term due to overbuilt markets.

All assets were in equity real estate Jan. 1.

Douglas D. Abbey, president, is the chief investment officer.

Am Cal Co.

4730 Woodman Ave., Suite 220, Sherman Oaks, Calif. 91423-2485; (818) 990-3250

Total assets managed	$300,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$80,000,000
Real estate assets managed	$300,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	GJ
No. of portfolio managers	3
Size of research staff	4

Am Cal Co. is a real estate manager whose approach is cash-on-cash return, with appreciation secondary. All investments are cash-equity purchases and first-trust deed/mortgage loans.

The mix of the tax-exempt assets as of Jan. 1 was 40% equity real estate and 60% mortgages.

The net gain in new tax-exempt business for 1984 was $40 million. One tax-exempt client was added.

Among the firm's seven tax-exempt clients are Missouri State Employees, Hawaii Masons Pension Trust, Carpenters Pension Trust Fund for Southern California and Southern California Development Foundation.

James B. McKenna, president, is the chief investment officer. S.Q. DellaGrotta, executive vice president, is the client contact.

P&I Age will report on middle market funds June 10.

American Agricultural Investment Management Co. Inc.

2603 W. 22nd St., Suite 17, Oak Brook, Ill. 60521; (312) 654-6616

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Real estate assets managed	$10,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	2
Types of accounts managed	CJ
No. of portfolio managers	1

All $10 million in tax-exempt assets managed by American Agricultural were in farmland as of the first of the year.

This farmland manager seeks equity investments in prime-quality farmland diversified geographically and by commodity for capital growth and current income.

The firm's two tax-exempt clients are Owens-Illinois and Teamsters Affiliates.

H. Joseph Bourn, executive vice president, is the chief investment officer and client contact.

American Capital Advisors

2800 Post Oak Blvd., Houston, Texas 77056; (713) 993-0500

Total assets managed	$364,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Fully discretionary	$120,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	11
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	6

American Capital handles equity, fixed-income and balanced accounts. The equity approach combines growth stocks, and Graham & Dodd and quantitative analysis. The firm invests in companies having inflation-adjusted, above-average growth and profitability. Issues are held until either the company's return on assets declines or the stock's warranted multiple of book value is exceeded.

Interest-rate anticipation underlies its fixed-income approach. Quality bonds are actively managed by contrasting a "justified" yield curve to the market. Disparate relationships ex-

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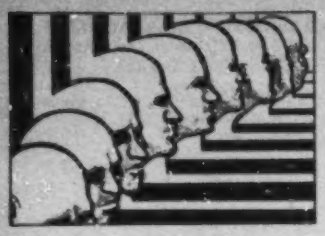


pose investment opportunity and determine asset weightings. Quantification of maturity risk, cycle pressures and inflation-adjusted returns control this discipline, rather than rate forecasting. Swaps are secondary. Fixed-income futures are used.

On Jan. 1, the asset mix of the tax-exempt assets was 63% stocks, 24% bonds and 13% cash.

The net gain in new tax-exempt business for the year ended Dec. 31 was $38 million, all in equities. Two new tax-exempt clients were added.

Research is 70% internal; 50 stocks are followed closely and 350 generally.

The firm's 11 tax-exempt clients include Houston Firemen, Hollywood Firemen, Harris County Hospital District and Texas Ironworkers.

Robert D. Harrell, senior vice president and senior investment officer, is the chief investment officer. Duke Meythaler, vice president, is the client contact.

American Capital Asset Management, a sister company, manages 22 mutual funds.

American Capital Management

90 Broad St., New York, N.Y. 10004; (212) 344-3300

Total assets managed	$37,000,000
Tax-exempt assets managed:	
Total	$35,000,000
Fully discretionary	$10,000,000
Minimum separate account	$500,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	2

American Capital Management is an emerging-growth stock manager. It invests in smaller growth companies with accelerating earnings momentum that appear undervalued and average $130 million in revenue. Its emphasis is on growth, profitability and financial strength.

Using interest rate anticipation, its fixed-income approach seeks investments tailored to the secular movements of inflation and interest rates with emphasis on short- or long-term investments. Marketable issues of high quality are utilized.

The mix of the $35 million tax-exempt assets under management Jan. 1 was 99% stocks and 1% cash.

In 1984, the net gain in new tax-exempt business was $500,000. One new tax-exempt client was added.

Research is 30% internal; 40 stocks are followed closely and 100 generally.

Luke P. La Valle, president, is the chief investment officer and client contact.

American Express Asset Management

375 Park Ave., Suite 1407, New York, N.Y. 10022; (212) 415-0802

Total assets managed	$200,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$10,000,000
No. of portfolio managers	1

American Express Asset Management identifies global investment themes and uses opportunistic stock selection, dynamic asset allocation and active currency management to enhance return. All directors are involved in decision-making for all portfolios.

In international bond accounts, it takes significant positions by currency and duration and employs an active management strategy.

All clients are foreign investors; all assets are in international markets.

All assets were in bonds on Jan. 1.

Research is 15% internally generated; 200 stocks are followed closely and 550, generally. Currency options and fixed-income futures are used.

Karl R. Van Horn, chairman and director, is the chief investment officer. Susan Leader, director of marketing, is the client contact.

The firm is a wholly owned subsidiary of American Express Co.

American Fletcher National Bank

101 Monument Circle, Indianapolis, Ind. 46277; (317) 639-7988

Total assets managed	$4,500,000,000
Tax-exempt assets managed:	
Total	$2,527,000,000
Fully discretionary	$2,527,000,000
Real estate assets managed	$83,400,000
Minimum separate account	$5,000,000
Tax-exempt accounts:	
Commingled	8
Separate	476
Types of accounts managed	CEFG
No. of portfolio managers	17
Size of research staff	4

American Fletcher National Bank handles equity, fixed-income, balanced and international accounts.

Its active top-down approach to equities emphasizes economic forecasts, asset allocation and sector rotation. Its stock selection process uses an approved list of securities and cyclical timing-anticipation vs. reaction.

Its active, top-down, fixed-income approach emphasizes interest rate anticipation, maturity selection, sector allocation, creative investment ideas and high quality.

Of the tax-exempt assets managed, $75 million were in commingled and $2.5 billion in separate accounts Jan. 1.

The asset mix was 23% stocks, 52% bonds, 21% cash and 4% mortgage-backed securities.

The firm netted $109.3 million in new tax-exempt business for 1984; 10 tax-exempt clients were added.

Clients include Ameritech, Indiana Public Employees, Indiana State Teachers and Pacific Lighting.

Half its research originates in-house; 200 stocks are followed closely and 6,000, generally. Options are used.

Leif E. Nulsen, senior vice president, is the chief investment officer. Richard C. Solaro, vice president and investment officer, is the client contact.

American Fund Advisors Inc.

50 Broad St., New York, N.Y. 10004; (212) 482-8100

Total assets managed	$174,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

American Fund Advisors Inc., an equity manager specializing in technology, airlines and aerospace, uses an emerging growth approach.

With a primary focus on convertibles, its fixed-income approach is passive.

The asset mix Jan. 1 was 63% stocks, 36% cash and 1% bonds.

Clients include National Aviation & Technology Corp., National Telecommunications & Technology Fund Inc. and Continental Telephone System.

Research is 60% internally generated; 200 stocks are followed closely and 500, generally. The firm uses options.

Barry J. Gordon, president, is chief investment officer; Marc H. Klee, senior vice president, is client contact.

American National Bank

5th & Main, St. Paul, Minn. 55101; (612) 298-6004

Total assets managed	$444,000,000
Tax-exempt assets managed:	
Total	$35,000,000
Fully discretionary	$25,000,000
Minimum separate account	$150,000
Tax-exempt clients	80
Types of accounts managed	CEFGJ
No. of portfolio managers	1

American National Bank handles equity, fixed-income and balanced accounts.

The value-oriented manager uses Graham & Dodd analysis and sector rotation in its quest for low P/E stocks.

For fixed income, it forecasts interest rates.

All assets were in commingled accounts Jan. 1. The asset mix was 50% stocks, 40% bonds and 10% cash.

The firm netted $10 million in new tax-exempt business for 1984; three tax-exempt clients were added.

The firm follows 77 stocks closely and 70, generally.

John P. Klett, vice president of trust investment, is the chief investment officer and client contact.

American National Bank & Trust Co. of Chicago

33 N. LaSalle St., Chicago, Ill. 60690; (312) 661-5870

Total assets managed	$6,700,000,000
Tax-exempt assets managed:	
Total	$6,300,000,000
Fully discretionary	$6,300,000,000
International assets managed	$8,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Commingled	343
Separate	81
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	11

American National Bank & Trust Co. handles equity, fixed-income, balanced and international accounts.

The contrarian strategist takes mostly a passive approach to equities, shifting commitments among market sectors. Stock selection emphasis is on large-capitalization companies considered industry leaders.

Sector analysis enables it to invest in the more attractive areas of the fixed-income market, derive maximum benefit from projected changes in interest rates and keep portfolio maturity averages as low as possible.

Of the total tax-exempt assets Jan. 1, $4.3 billion was in commingled and $2 billion in separate accounts.

The asset mix was 80% stocks and 20% bonds. Stock index futures are used.

The bank netted $120 million in new tax-exempt business for 1984; 46 tax-exempt clients were added.

NYNEX, GM, Polaroid and AT&T are among its clients.

John R. Tilton is the chief investment officer. Jim Kartalia, director of marketing, is the client contact.

American National Bank & Trust Co. of Michigan

P.O. Box 2769, Kalamazoo, Mich. 49003; (616) 383-6940

Total assets managed	$688,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$60,000,000
Real estate assets managed	$2,500,000
International assets managed	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	3

American National Bank & Trust Co. of Michigan offers equity, fixed and balanced capabilities.

Equity portfolios are broadly diversified with emphasis on lower P/E stocks.

Fixed-income portfolios are of short to intermediate maturity, five years or less, and primarily passive.

For real estate, it uses Balcor and other pension-oriented products without leverage.

The asset mix Jan. 1 was 45% stocks, 45% bonds, 5% cash and 5% equity real estate.

Research is 10% internally generated; 75 stocks are followed closely and 300, generally.

David C. Blough, vice president, is the senior and chief investment officer. Joseph Spoerl, vice president and trust officer, is the client contact.

AmeriTrust Co.

900 Euclid Ave., Cleveland, Ohio 44101; (216) 687-4089

Total assets managed	$8,400,000,000
Tax-exempt assets managed:	
Total	$5,200,000,000
Fully discretionary	$4,450,000,000
Real estate assets managed	$12,000,000
Minimum separate account	$3,000,000
Tax-exempt clients:	
Commingled	200
Separate	280
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	9

AmeriTrust Co. handles equity, fixed-income, balanced, real estate and convertible securities accounts.

For equities, it constructs broadly diversified portfolios consisting of low P/E issues whose dividend return and fundamental value will provide superior, long-term returns while limiting downside risk.

Its passive fixed-income approach stresses quality and maturity structure so that portfolios generally will have low volatility. Trading focuses on yield pickups where quality can be maintained.

The real estate fund provides attractive current yield plus protection against inflation. Property selections, which offer significant appreciation potential, are based on the adequacy of current return.

The asset mix Jan. 1 was 65% stocks and 35% bonds.

The firm netted $216 million in new tax-exempt business for 1984; four tax-exempt clients were added.

Clients include Ameritech, GM, Bell Atlantic and Sherwin Williams.

Research is 75% internally generated; 250 stocks are followed closely and 3,000, generally.

Richard C. Hyde, executive vice president, is the chief investment officer. Gary W. Queen, senior vice president, is the client contact.

Amev Asset Management

1 World Trade Center, 50th Floor, New York, N.Y. 10048; (212) 775-9100

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$27,000,000
Fully discretionary	$27,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	2

Amev Asset Management, a balanced manager, takes an asset and liability approach to equities. Mindful of liabilities and specific corporate, pension and individual objectives, it uses a traditional fundamental approach that emphasizes growth and value discounted to the present and compared to the current market.

It selects fixed-income securities using relative value and interest rate forecasting with either taxable or tax-exempt securities.

The asset mix Jan. 1 was 45% stocks, 45% bonds and 10% cash.

Net new tax-exempt business in 1984 was $14 million.

American Security Insurance, Time Insurance, United Family Life and Western Life Insurance are among its clients.

Research is 25% internally generated; 40 stocks are followed closely and 100, generally.

H.C. Mackin is the chief investment officer. Guy G. Rutherfurd Jr. is the client contact.

The firm is affiliated with Amev Holdings Inc.

Amivest Corp.

505 Park Ave., New York, N.Y. 10022; (212) 688-6667

Total assets managed	$126,000,000
Tax-exempt assets managed:	
Total	$126,000,000
Fully discretionary	$126,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	11
Types of accounts managed	CEJ
No. of portfolio managers	3

Amivest Corp., a balanced manager, uses Graham & Dodd analysis in its equity approach. Its economic and investment outlook determines asset allocation. It concentrates on the selection of superior investment vehicles to implement the asset allocation decision.

Using an interest rate anticipation approach to fixed income, it evaluates the various forces affecting the credit markets to determine the probable direction of interest rates. Portfolios are positioned accordingly.

The asset mix was 65% stocks, 19% cash and 16% bonds on Jan. 1.

The net gain in new tax-exempt business for 1984 was $3 million, evenly split between equities and fixed. Two clients were added.

Hotel & Restaurant Employees International Union, St. Francis College, Ironworkers Local 580 and Private Bus Lines are among its clients.

Half of its research originates in-house; 4,500 stocks are followed generally.

Emmanuel Sella, president, is the chief investment officer. Leonard N. Grimaldi, senior vice president, is the client contact.

Amoskeag National Bank & Trust Co.

875 Elm St., P.O. Box 150, Manchester, N.H. 03105; (603) 624-3600

Total assets managed	$300,000,000
Tax-exempt assets managed:	
Total	$102,000,000
Fully discretionary	$92,000,000
Real estate assets managed	$2,000,000
Minimum separate account	$100,000
Tax-exempt clients:	
Commingled	62
Separate	232
Types of accounts managed	CEFGJ
No. of portfolio managers	3

Amoskeag National Bank & Trust Co. handles equity, fixed-income and balanced accounts.

In equities, the firm's emphasis is on value, using catalysts, such as asset reorganization or management shifts, and Graham & Dodd analysis.

Its passive approach to fixed income stresses full coupon, five- to 10-year maturities, A or BAA quality. Some anticipation of interest rates is used.

Of the tax-exempt assets managed Jan. 1, $3 million was in commingled and $89 million in separate accounts.

The asset mix was 75% stocks, 20% bonds, 2% cash and 3% mortgages.

Clients include Manchester, EAL Pilots, Iron Workers and Benevolent Telephone.

Research is 30% internally generated; 20 stocks are followed closely and 25, generally.

David J. (Terry) Towner, senior vice president and senior investment officer, is the chief investment officer. John J. Latimer, vice president and trust officer, is the client contact.

AmSouth Bank

P.O.Box 11426, Birmingham, Ala. 35202; (205) 326-5397

Total assets managed	$3,000,000,000
Tax-exempt assets managed:	
Total	$1,844,000,000
Fully discretionary	$1,844,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	300
Types of accounts managed	CEFGJ
No. of portfolio managers	9

AmSouth Bank handles equity, fixed-income and balanced accounts.

Using Graham & Dodd analysis, it takes a value-oriented, contrarian approach to equity investments.

Fixed-income portfolios are structured to meet client objectives, but when unconstrained, it uses interest rate anticipation and, to a lesser degree, sector selectivity in its active bond management.

Of the tax-exempt assets Jan. 1, $275 million was in commingled and $1.6 billion in separate accounts.

The asset mix was 40% stocks, 40% bonds and 20% cash.

The firm netted $35 million in new tax-exempt business for 1984; eight tax-exempt clients were added.

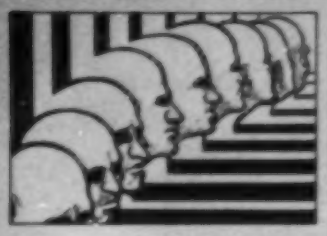
Research is 75% internally generated; 170 stocks are closely followed.

John Goff Jr., senior vice president and senior trust investment officer, is chief investment officer. Davis H. Crenshaw, vice president and trust marketing officer, is client contact.

Analytic Investment Management Inc.

2222 Martin St. #230, Irvine, Calif. 92715; (714) 833-0924

Total assets managed	$800,000,000



Tax-exempt assets managed:	
Total	$718,000,000
Fully discretionary	$718,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	23
Types of accounts managed	CEOJ
No. of portfolio managers	8
Size of research staff	3

Analytic Investment Management is an equity manager. Growth stock and quantitative (MPT) form the basis of its equity approach. The firm employs covered options on broadly diversified equity and U.S. government bonds to reduce period-to-period volatility and increase long-term returns.

The firm's fixed-income approach employs covered options on a mix of Treasury bonds, notes and futures to the same end.

Along with options, stock-index and fixed-income futures also are used.

As of Jan. 1, the firm's asset mix was 95% stocks and 5% cash.

In 1984, five new tax-exempt clients were added and $90 million in net new tax-exempt business gained; all in equities.

The firm's 23 tax-exempt clients include Eastman Kodak; Memphis City; Central Pension Fund, Operating Engineers; and Yale University Endowment.

All research is generated in-house; 250 stocks are followed closely and 386 generally.

Sheen T. Kassouf, president and chairman, is the chief investment officer. Ned E. Kassouf, executive vice president and treasurer, is the client contact.

Anderson, Hoagland & Co.

8850 Ladue Road, St. Louis, Mo. 63124; (314) 726-2107

Total assets managed	$187,000,000
Tax-exempt assets managed:	
Total	$86,000,000
Fully discretionary	$86,000,000
Minimum separate account	$5,000,000
Number of tax-exempt clients	10
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Anderson, Hoagland & Co., an equity and fixed-income manager, concentrates equity holdings in 10 to 15 issues per portfolio, selected on a value basis. Many holdings are large-cap companies where "bad news" has created a potential buying opportunity. It also combines judgments about future valuation with fundamental analysis to project future returns. As much as 25% of equity assets may be invested in Japanese stocks.

In fixed income, the firm prefers short-term and intermediate maturities (10-year maximum) in most cases and has a preference for high quality and good call protection.

The firm netted $21 million in new tax-exempt business last year; it added two clients.

General Dynamics is one client.

Research is 30% to 40% internally generated; 40 stocks are followed closely.

David C. Anderson and Laurance R. Hoagland Jr., the two principals, are the chief investment officers and client contacts.

Anhalt/O'Connell Inc.

515 S. Olive St., Suite 1-211, Los Angeles, Calif. 90013; (213) 622-0066

Total assets managed	$493,000,000
Tax-exempt assets managed:	
Total	$493,000,000
Fully discretionary	$493,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	6
Types of accounts managed	CE
No. of portfolio managers	2

All of the $493 million in tax-exempt assets under Anhalt/O'Connell's management as of Jan. 1 was in fixed income.

Risk control is paramount in the firm's fixed-income approach. Interest-rate trends are identified based on supply vs. demand for credit. Portfolios then are positioned 100% in cash or Treasury notes or Treasury bonds. Options are used.

Last year's net gain in new tax-exempt business was $13.2 million. One new tax-exempt client was added.

Michael O'Connell and Paul Anhalt, principals of the firm and managing directors, are the chief investment officers. Rosa B. McAdam, managing director, is the client contact.

Applied Portfolio Disciplines

99 Park Ave., New York, N.Y. 10016; (212) 682-5520

Total assets managed	$1,500,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$1,000,000
No. of portfolio managers	3

Applied Portfolio Disciplines, which opened October 1984, offers fixed-income and futures and options management. It specializes in the active management and enhancement of U.S. Treasury bond portfolios' risk-reward ratios through the fully hedged use of financial futures and options on financial futures.

Robert W. Farrell, chairman, is chief investment officer, and Robert P. Follert, president, is client contact.

Argus Investment Management Inc.

1200 Quail St., Suite 270, Newport Beach, Calif. 92660; (714) 851-1778

Total assets managed	$108,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$37,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	42
Types of accounts managed	CEFJ
No. of portfolio managers	4

Argus Investment Management Inc., a balanced manager, combines sector rotation, Graham & Dodd analysis and market timing in its equity investments. It blends cash equivalents, bonds and stocks, continually selecting the most attractive values in each of the three assets.

It uses an interest rate anticipation approach to fixed income, shortening or lengthening maturities depending on its convictions about the credit markets. Government securities mostly are used to implement its strategy.

The asset mix Jan. 1 was 69% stocks, 19% cash and 12% bonds.

Nevada Power, Southwest Gas, Superior Industries and San Pedro Peninsula Health are among the firm's 42 tax-exempt clients.

Research is 80% internally generated; 60 stocks are followed closely and 400, generally.

Argus Research Group provides research.

Francis B. Manchester, chairman, is the chief investment officer. Roland D. Kelly, president, and Jon S. Bull, vice president, are the client contacts.

The firm is a subsidiary of Argus Research Group, whose assets total $575 million.

Argus Investors' Counsel Inc.

42 Broadway, New York, N.Y. 10004; (212) 425-7500

Total assets managed	$458,000,000
Tax-exempt assets managed:	
Total	$415,000,000
Fully discretionary	$405,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	14
Types of accounts managed	CFJ
No. of portfolio managers	2
Size of research staff	22

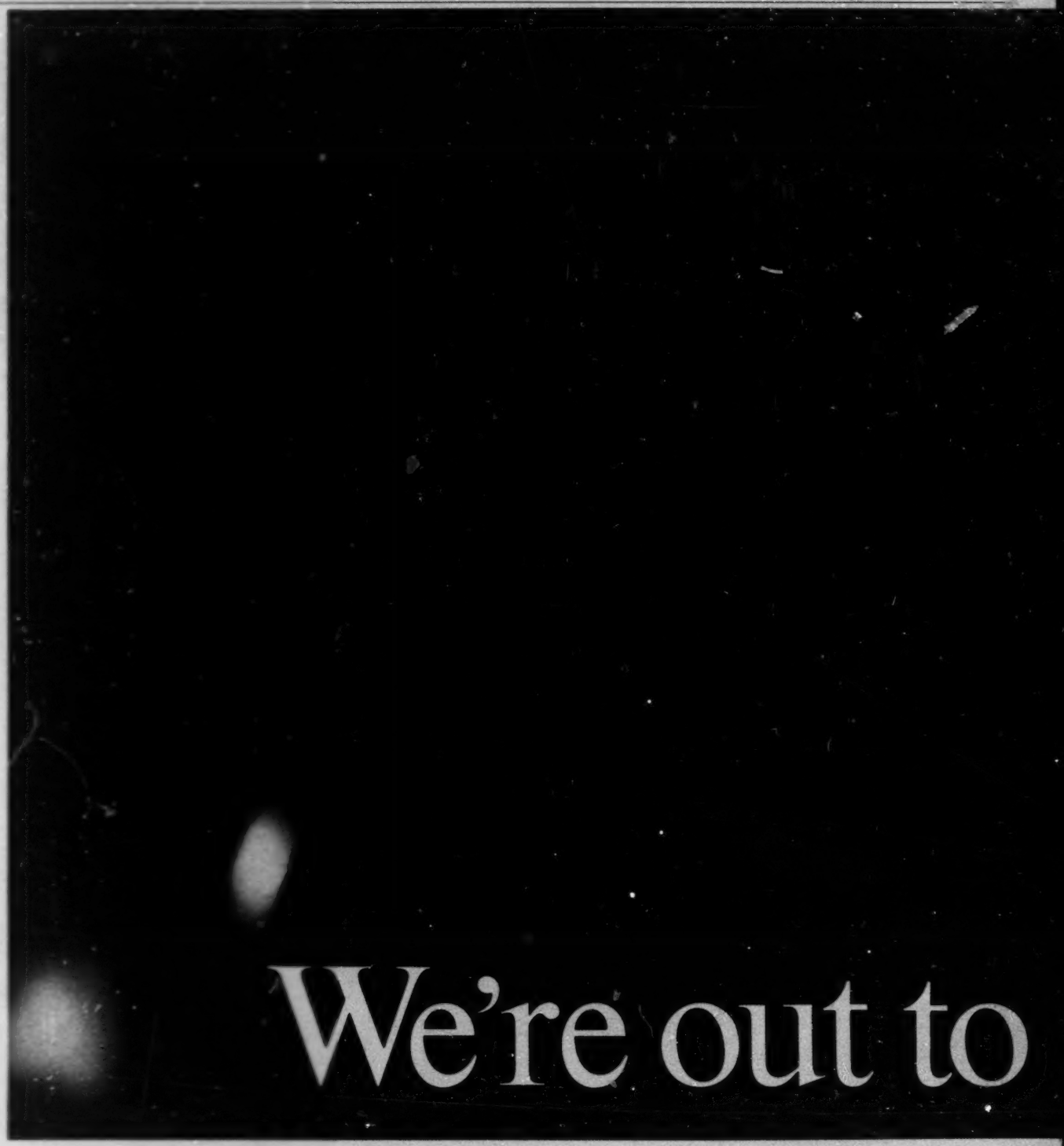
Argus Investors' Counsel, an equity manager, uses highly diversified, unweighted portfolios composed of the stocks of financially strong companies. Positions are kept in balance through regular purchases and sales depending on relative market performance of each issue.

Its fixed-income approach uses interest-rate anticipation.

The firm employs options.

As of Jan. 1, the asset mix was 72% stocks, 26% bonds and 2% cash.

Among its 14 tax-exempt clients are United Mine Workers of America; Radio, TV & Recording Arts; and the



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Margaret L. Wendt Foundation.

All research is generated internally; 400 stocks are closely followed and 500 generally.

Herman I. Roseman, president, is chief investment officer; Robert P. Groesbeck, vice president, is client contact.

The firm is affiliated with Argus Research Group, whose assets total $458 million.

Ariel Capital Management

307 N. Michigan Ave., Chicago, Ill. 60601; (312) 726-0140

Total assets managed	$13,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$11,500,000
Minimum separate account	$500,000
Tax-exempt clients	14
Types of accounts managed	CEFG
No. of portfolio managers	1
Size of research staff	2

Ariel Capital is an equity manager whose approach is based on low P/E ratios. The firm invests in small to medium-sized companies it believes are undervalued but demonstrate strong growth potential and will provide above-average returns over a period of years.

Of the $11.5 million tax-exempt assets managed by Ariel as of Jan. 1, $11 million represented its net gain in new tax-exempt business for 1984.

The tax-exempt asset mix was 95% stocks and 5% cash.

Thirteen of the firm's 14 clients joined it last year.

They include Stroh Brewery Co., United Negro College Fund, Municipal Employee's Annuity and Benefit Fund of Chicago and Howard University Endowment Fund.

Research is 90% internally generated; 21 stocks are closely followed and 30 generally.

John W. Rogers Jr., chairman, is chief investment officer; Darice Wright, director of marketing, is client contact.

Ariston Capital Management

P.O. Box A, Issaquah, Wash. 98027; (206) 392-2887

Total assets managed	$19,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Minimum separate account	$100,000
Tax-exempt clients	55
Types of accounts managed	CJ
No. of portfolio managers	1
Size of research staff	2

Ariston Capital Management Corp. is a balanced manager specializing in convertible securities (preferred stocks and bonds). Its approach combines growth-stock, emerging-growth, low P/E and market-timing. The firm uses undervalued convertible bonds as a low-risk alternative to the equity market. Long-term market forecasting is used for both equity and bond markets.

Interest-rate anticipation is the basis of its fixed-income approach.

On Jan. 1, all $12 million tax-exempt assets under management were in convertible securities.

Last year 10 new tax-exempt clients were added, for $5 million in net new business.

All of the research is generated internally; 70 are followed closely and 650 generally.

Kelley-Morrow Enterprises, Kraft Smith Advertising, Pacific Marine Insurance Group and Wick Construction are among Ariston's 55 tax-exempt clients.

Richard B. Russell, president, is chief investment officer. Robert O. Nordlie, associate-client relations, is client contact.

Armika Ltd.

92 Cambridge Crescent, Richmond Hill, Ontario L4C 6G2; (416) 731-0417

Total assets managed	$8,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
International assets managed	$100,000
Minimum separate account	$500,000
Tax-exempt clients	1
Types of accounts managed	F
No. of portfolio managers	1

Armika Ltd., a Canadian equity manager, uses Graham & Dodd analysis, growth stocks and market timing.

The asset mix Jan. 1 was 94.5% Canadian stocks, 0.5% bonds and 5% U.S. stocks.

It follows 20 to 30 stocks closely.

MSH Foundation is its client.

M. Aronovitch, president, is chief investment officer and client contact.

Armour, Douglas Capital Management Inc.

1160 Fifth Ave., Suite 209, New York, N.Y. 10029; (212) 876-4210

Armour Douglas Capital Management was formed in January.

The firm specializes in equity management using a combination of stocks and covertible securities to maximize total returns at reduced risk.

Peter Armour Lareau and Richard Douglas Young are the founders.

Aronson & Fogler

1411 Walnut St., Suite 200, Philadelphia, Pa. 19102; (215) 557-7900

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	2

Equity manager Aronson & Fogler combines low P/E, Graham & Dodd and quantitative (MPT) approaches. The firm is conservative and value-oriented. Its model-driven philosophy emphasizes growth, assets and multiples. The decision-making process is computerized and thoroughly disciplined. Portfolios deliver pure stock selection, with neither sector nor timing bets.

As of Jan. 1, all tax-exempt assets under management were in stocks. The firm has only one tax-exempt client, which was added last year.

Research is in-house; 6,422 stocks are generally followed.

Partners Theodore R. Aronson and H. Russell Fogler are the chief investment officers; Mr. Aronson also is client contact.

Arscott, Norton & Associates

375 Forest Ave., Palo Alto, Calif. 94301; (415) 853-0766

Total assets managed	$75,000,000
Tax-exempt assets managed	$45,000,000
Tax-exempt limited partners	18

Arscott, Norton & Associates deals in venture capital limited partnerships.

It is actively involved with the managements of most of its venture capital companies to foster orderly growth and work toward the proper financing of the businesses.

David G. Arscott and Leal F. Norton, managing general partners, are the client contacts.

ASB Capital Management

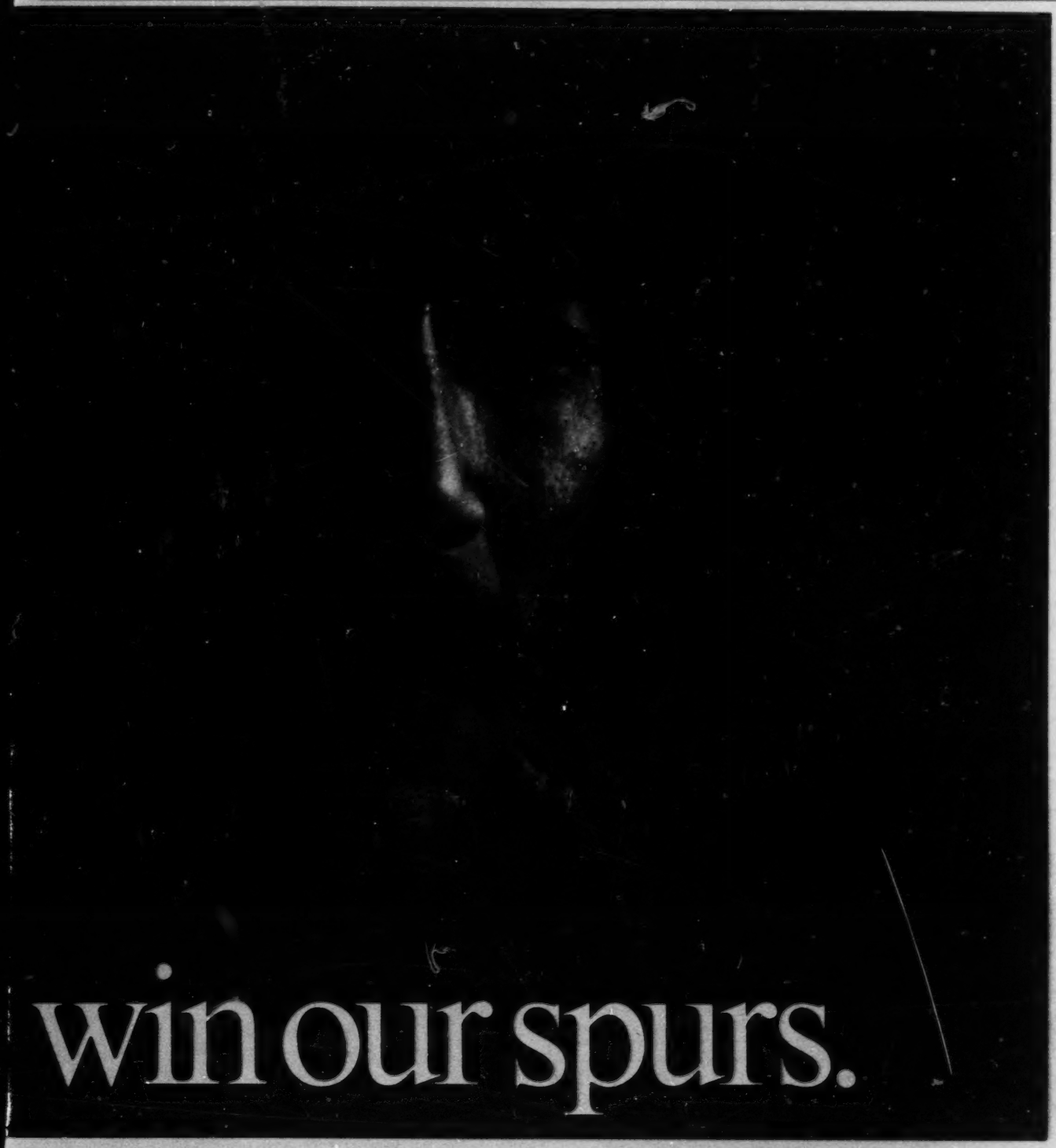
655 15th St. N.W., Suite 800, Washington D.C. 20005; (202) 383-6300

Total assets managed	$3,385,000,000
Tax-exempt assets managed:	
Total	$3,003,000,000
Fully discretionary	$3,003,000,000
Real estate assets managed	$79,000,000
International assets managed	$33,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	328
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	13

ASB Capital Management Inc. considers itself to be mainly a fixed-income manager, but also manages healthy portions of equity and cash.

Its equity approach relies on growth stock. Actively managed, diversified portfolios are selected from a list composed of industry leaders and many medium to small companies with significant potential, strong earnings and growth, sound financial condition, clean accounting and projected total returns well in excess of the risk-free rate.

The firm's fixed-income approach uses interest-rate anticipation with actively managed, diversified portfolios of highly marketable and quality bonds with emphasis on U.S. Treasury and federal agency securities. In-



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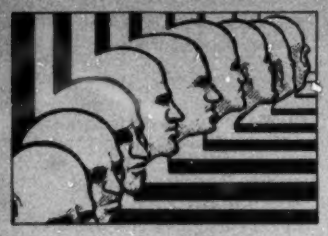

terest-rate projections and the economic condition form the basis for maturity dispersion and coupon diversification.

ASB's approach to real estate is to invest in a widely diversified portfolio of high-quality, income-producing properties in the United States. It also seeks convertible mortgages and fee-simple equity positions along with other investment positions to produce a stable, competitive total return.

The asset mix of the $3 billion tax-exempt assets under management Jan. 1 was 33.3% stocks, 49.7% bonds, 14.4% cash and 2.6% equity real estate.

In 1984, the firm netted $588 million in new tax-exempt business, $369 million of which was fixed income. Equities accounted for $102 million and cash for $117 million. It added 28 tax-exempt clients.

The American National Red Cross, IBEW, National Education Association of the United States and Plumbers and Pipefitters National Pension Fund are among its 328 tax-exempt clients.

The minimum account size is $2 million for equity and $5 million for fixed income.

Research is 60% in-house; 120 stocks are followed closely and 300 generally.

Michael B. Miller, president, is the chief investment officer; Howard E.N. Wilson, vice president and director of marketing, is the client contact.

ASB is a wholly owned subsidiary of American Security Corp.

Ashland Management Inc.

26 Broadway, New York, N.Y. 10004; (212) 425-2803

Total assets managed	$290,000,000
Tax-exempt assets managed:	
Total	$117,000,000
Fully discretionary	$117,000,000
Minimum separate account	$1,000,000
Number of tax-exempt clients	58
Types of accounts managed	CEFGJ
No. of portfolio managers	2

Ashland Management Inc., an equity manager, uses Graham & Dodd analysis. Stocks that meet the firm's investment criteria — those selling at a discount of at least 40% from their true value — are reviewed for purchase by the principals.

The asset mix Jan. 1 was 80% stocks and 20% cash.

The firm netted $86 million in new tax-exempt business for 1984; 10 tax-exempt clients were added.

Barker-Welfare Foundation, Boeing, University of Southern California and National Forge are among its tax-exempt clients.

Research is 98% internally generated; 800 stocks are followed closely and 100, generally.

Perry Jones, president, is the chief investment officer. William J. Bogut is the client contact.

Astrop Advisory Corp.

5 Piedmont Center, Suite 417, Atlanta, Ga. 30305; (404) 239-0707

Total assets managed	$130,000,000
Tax-exempt assets managed:	
Total	$110,000,000
Fully discretionary	$110,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	20
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	2

Growth stock is the basis of equity manager Astrop's approach. The firm emphasizes stocks of companies that have demonstrated superior sales and earnings growth and above-average returns on equity. It has a highly disciplined system to control stock and portfolio volatility.

Its fixed-income approach is passive, emphasizing maturity strategy as related to the current and anticipated level of interest rates. Most often A or better intermediate bonds are employed.

As of Jan. 1, the asset mix of the tax-exempt assets was 63% stocks, 2% bonds and 35% cash.

Four tax-exempt clients were added in 1984, and the net gain in tax-exempt business was $14 million.

Astrop's 20 tax-exempt clients include CIBA-GEIGY Corp., Hambro Bank (London) and Rhodes Inc.

Two-thirds of its research is generated internally; 200 stocks are followed closely and more than 1,000 generally.

William B. Astrop, chairman of the board and president, is the chief investment officer. Mr. Astrop and Dixie P. Anderson are the client contacts.

Atalanta Capital Corp.

450 Park Ave., Suite 2102, New York, N.Y. 10022; (212) 832-1104

Total assets managed	$360,000,000
Tax-exempt assets managed:	
Total	$290,000,000
Fully discretionary	$290,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	28
Types of accounts managed	CFJ
No. of portfolio managers	2
Size of research staff	2

Atalanta Capital Corp. is an equity and balanced account manager. Capital preservation is the cornerstone of its investment style.

Combining growth stock, emerging growth, Graham & Dodd analysis, quantitative techniques and market timing in its equity approach, it specializes in convertibles, asset-oriented, special situation and unrecognized growth stocks.

Using sector analysis, its fixed-income approach begins with a judgment of the most likely economic scenario, analyzing the direction and rate of change for interest rates, inflation and corporate profits.

The asset mix Jan. 1 was 70% stocks, 15% bonds and 15% cash.

The net gain in new tax-exempt business for 1984 was $30 million: $20 million in equities and $10 million in balanced.

Clients include Directors Guild of America Producers Pension Plan, The Jones Foundation and Loral Corp.

Half of its research originates in-house; 100 stocks are followed closely and 250, generally.

L. Mark Newman, president, is the chief investment officer. Linda S. Newman, senior vice president, is the client contact.

Atalanta/Sosnoff Capital Corp.

499 Park Ave., New York, N.Y. 10022; (212) 755-2800

Total assets managed	$1,900,000,000
Tax-exempt assets managed:	
Total	$1,800,000,000
Fully discretionary	$1,800,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	86
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	3

Atalanta/Sosnoff Capital Corp. is an equity manager using growth stock, low P/E and sector rotation approaches. Equity investments are concentrated in only two or three sectors of the economy at any one time.

Emphasis is placed on large-capitalization issues inefficiently priced, generally with relatively low P/E ratios but with strong earnings momentum and above average returns on equity and low price-to-book value ratios. Companies with entrepreneurial managements to advance equity-owner returns are favored.

Interest rate anticipation and sector analysis form the firm's fixed-income approach. High-quality issues are selected that optimize the duration of the fixed-income sector of the portfolio.

Options and stock index futures are used.

The asset mix of the tax-exempt assets under management Jan. 1 was 45% stocks, 46% bonds and 9% cash.

Last year, 17 tax-exempt clients were added. The $331 million net gain in new tax-exempt business consisted of $216 million in equities and $115 million balanced.

Dart & Kraft, State of Utah, the Inter-American Development Bank and the International Brotherhood of Boilermakers-Blacksmiths are among the firm's 86 tax-exempt clients.

Three-quarters of its research is generated in-house; 150 stocks are followed closely and 600 generally.

Martin T. Sosnoff, chairman and Shepard D. Osherow, president, are the chief investment officers. Lorraine Bogdanovich, director of client services, is the client contact.

Atlanta Capital Management

Suite 2200, 230 Peachtree St. N.W., Atlanta, Ga. 30303; (404) 688-4405

Total assets managed	$730,000,000
Tax-exempt assets managed:	
Total	$686,000,000
Fully discretionary	$680,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	26
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	3

Atlanta Capital manages equity, fixed-income and balanced accounts. Its equity approach is based on growth stock. It seeks medium-quality stocks (S&P 500 A, A– and B+) that have growth characteristics superior to the S&P 500 and P/E ratios that do not reflect superior growth.

The firm's fixed-income approach employs interest-rate anticipation for maturity optimization.

As of Jan. 1, $666 million tax-exempt assets were under management. The asset mix was 68% stocks, 27% bonds and 5% cash.

Last year, nine clients were added. The net gain in new tax-exempt business was $26 million.

Seventy percent of research is generated internally; 330 stocks are followed closely and 875, generally.

Among its 36 tax-exempt clients are American Airlines, Cox Enterprises, Delaware State and the Salvation Army.

Frederick L. Muller, president, is the chief investment officer. J. Robert Douglas, senior vice president, is the client contact.

Avatar Associates

900 Third Ave., New York, N.Y. 10022; (212) 753-7710

Total assets managed	$475,000,000
Tax-exempt assets managed:	
Total	$470,000,000
Fully discretionary	$470,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	75
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	3

Avatar Associates, an equity management firm, bases its approach on market timing. Its primary strategy is to alter the portfolios' stocks/cash mix to take advantage of the equity market cycles. Stock selection combines earnings growth rates with lower P/E's. It uses strict sell disciplines.

The firm uses stock index futures.

The asset mix of the tax-exempt assets under management as of Jan. 1 was 95% stocks and 5% cash.

The net gain in new tax-exempt business for 1984 was $60 million. Twelve tax-exempt clients were added.

Eighty percent of Avatar's research is generated internally. It follows 150 stocks closely and 3,000 generally.

Boston Edison, K mart, Lear Siegler and Uniroyal are among Avatar's 75 tax-exempt clients.

Edward S. Babbitt Jr., president, and Martin E. Zweig, director of research, are the chief investment officers. Bruce L. Poliquin, vice president, is the client contact.

E.W. Axe & Co. Inc.

Axe Castle, 400 Benedict Ave., Tarrytown, N.Y. 10591; (914) 631-8131

Total assets managed	$491,000,000
Tax-exempt assets managed:	
Total	$163,000,000
Fully discretionary	$160,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	19
Types of accounts managed	CFGJ
No. of portfolio managers	4
Size of research staff	8

E.W. Axe & Co. has equity, fixed-income and balanced accounts. The firm uses growth stock and emerging growth in its equity approach. It seeks to provide superior returns by a disciplined search for unrecognized growth opportunities, attempting to perceive superior earnings growth early.

Interest-rate anticipation forms the basis of its fixed-income approach. Interest-rate risk exposure (duration) is based on a multiscenario interest-rate outlook. Credit risk exposure is based on the size of available quality spreads and analysis of individual credits.

The asset mix of the tax-exempt assets Jan. 1 was 75% stocks, 17% bonds and 8% cash.

The net loss in tax-exempt business last year was $7 million, all in equities. One tax-exempt client was added.

White Consolidated, Eaton Corp., Carolina Power & Light and Houston Lighting & Power are among the firm's 19 tax-exempt clients.

Research is 80% internal; 60 stocks are followed closely and 300, generally.

John L. Shroeder, chairman, is the chief investment officer; Stephen J. Darby, president, is the client contact.

USF&G Corp. owns a controlling interest in Axe. The parent company's total assets are $516 million.

J.H. Ayres & Co. Inc.

2016 Condor St., Colorado Springs, Colo. 80909; (303) 635-1414

Total assets managed	$815,000,000
Tax-exempt assets managed:	
Total	$750,000,000
Fully discretionary	$750,000,000
Minimum separate account	$500,000
Tax-exempt clients	125
Types of accounts managed	CE
No. of portfolio managers	2
Size of research staff	2

As of the first of the year, all $750 million in tax-exempt assets under J.H. Ayres' management were in equity mutual funds.

The firm uses market timing for its investment approach. Its expertise centers on changes of Federal Reserve System monetary policy, based on the principle that an expanding economy creates a favorable climate for investments.

Changes in money flows precede or coincide with basic changes in stock and bond prices and business. Using this data, it alternates investments between equity mutual funds and money market mutual funds. Ayres follows about 50 mutual funds.

Ayres' 125 tax-exempt clients include Viterbo College, South Macomb Internist P.C. Profit-Sharing Plan, Oral Maxillafacial Surgical Profit-Sharing and Locart Retirement Trust.

James H. Ayres, president, is the chief investment officer and client contact.

b

BA Investment Management

555 California St., San Francisco, Calif. 94104; (415) 622-6776

Total assets managed	$11,943,000,000
Tax-exempt assets managed:	
Total	$4,708,000,000
Fully discretionary	$4,708,000,000
Real estate assets managed	$162,000,000
International assets managed	$400,000,000
Tax-exempt clients:	22
Types of accounts managed	CFG
No. of portfolio managers	18
Size of research staff	4

BA Investment Management Corp. handles equity, fixed-income, balanced and international accounts.

Its sector rotation approach to equity emphasizes value-oriented situations with above-average S&P total expected return potential with a bias toward companies exhibiting superior growth and profit characteristics.

Its active fixed-income management is based on capital preservation, with an opportunity to move into intermediate and longer-term securities depending on its interest rate forecast and confidence level of same. Several passive programs are also offered.

Bank of America Investment Real Estate invests on behalf of its clients in properties with superior location, design and construction that offer reliable current returns and opportunities to add value through management.

Of the total tax-exempt assets Jan. 1, $2.6 billion was in commingled and $2.1 billion in separate accounts.

The asset mix was 60% stocks and 40% bonds, including international and cash equivalents.

Clients include AMC, General Dynamics, GM and Morrison-Knudsen.

Half its research originates in-house; 250 to 300 stocks are followed closely and 650, generally. Stock index and fixed-index futures are used.

Thomas B. Kelley, chairman and chief executive officer, is the chief investment officer. Douglas E. Heidohrn, senior vice president-marketing and client services, is the client

25 largest insurance Cos. by tax-exempt assets (including subsidiaries)

Rank	Managers	($ millions)
1.	Equitable Life Assurance Society	$ 48,659
2.	Metropolitan Life Insurance Co.	41,346
3.	Prudential Insurance	34,329
4.	Aetna Life & Casualty	28,016
5.	The Travelers Companies	20,179
6.	CIGNA	16,200
7.	New England Mutual Life	15,185
8.	John Hancock Companies	14,532
9.	New York Life Insurance Co.	10,560
10.	Pacific Mutual Life Insurance Co.	10,311
11.	Bankers Life	9,133
12.	Marsh & McLennan Cos.	5,424[1]
13.	Massachusetts Mutual Life	5,050
14.	Lincoln National Life	4,758
15.	Mutual Benefit Life	4,300
16.	MONY	3,500
17.	Kemper Financial Services	3,326
18.	Union Mutual Life	2,907
19.	TransAmerica Investment Services	2,644
20.	Sun Life Insurance	2,355[2]
21.	Continental Assurance Co.	2,320
22.	Mutual of America Life Insurance	2,002
23.	Provident National Assurance Co.	1,504
24.	Northwest Life Insurance Co.	1,403
25.	Hartford Life Companies	1,230
	TOTAL	$291,173

[1] Putnam Advisory Assets
[2] Massachusetts Financial Services Assets

contact.

The firm is a wholly owned subsidiary of BankAmerica Corp.

David L. Babson & Co. Inc.

1 Boston Place, Boston, Mass. 02108; (617) 723-7540

Total assets managed	$2,805,000,000
Tax-exempt assets managed:	
Total	$1,311,000,000
Fully discretionary	$1,112,000,000
Real estate assets managed	131,100,000
Minimum separate account	$1,000,000
Tax-exempt clients	165
Types of accounts managed	CEFGJ
No. of portfolio managers	17
Size of research staff	9

David L. Babson & Co. Inc. handles equity, fixed-income and balanced accounts. The firm's equity approach relies on growth stock. From a universe of high-quality, growth-oriented companies, it selects those that offer the best relative values.

Its bond management focuses on issues combining attractive yields with good credit quality. The overall duration of portfolios is equivalent to an intermediate bond. Portfolios are actively managed to maximize total return.

On Jan. 1, the asset mix of the tax-exempt assets was 65% stocks, 20% bonds, 10% real estate and 5% cash.

Research is 85% in-house; 200 stocks are followed closely and 650, generally.

Peter C. Thompson, president, is the chief investment officer. Robert M. Angland, vice president, is the client contact.

Badgley & Phelps Inc.

3206 Rainier Tower, Seattle, Wash. 98101; (206) 623-6172

Total assets managed	$200,000,000
Tax-exempt assets managed:	
Total	$55,000,000
Tax-exempt clients	34
Types of accounts managed	CEFJ
No. of portfolio managers	6

Badgley & Phelps Inc., a balanced manager, uses a growth stock approach to equities, making long-term investments in high-quality, growing corporations.

With a passive approach to fixed income, it seeks a controlled maturity schedule of the highest quality.

The asset mix was 50% stocks, 45% bonds and 5% cash on Jan. 1.

The firm netted $6 million in new tax-exempt business for 1984; $3 million in equities and $3 million in fixed. Seven clients were added.

Charles H. Badgley, chairman, is chief investment officer. Patrick W. Sullivan, vice president, is client contact.

Julius Baer Investment Management

330 Madison Ave., New York, N.Y. 10017; (212) 949-9055

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
International assets managed	$50,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	8

Julius Baer Investment Management, an international fixed-income manager, seeks a very active country/currency allocation.

The asset mix was 90% bonds and 10% cash, all in international markets, on Jan. 1.

The firm netted $13 million in new tax-exempt business for 1984; one client was added.

Owens-Illinois, Walter Kidde and Toledo Trust are its clients.

The firm uses options and fixed-income futures.

Edward Hart, vice president, London, is the chief investment officer. Jay A. Dirnberger, managing director, is the client contact.

The firm is affiliated with Bank Julius Baer, Zurich, Switzerland.

Ballard, Biehl & Kaiser Inc.

951 Mariner's Island Blvd., San Mateo, Calif. 94404; (415) 571-5800

Total assets managed	$370,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Real estate assets managed	86,000,000
International assets managed	$7,500,000
Minimum separate account	$1,000,000
Tax-exempt clients	23
Types of accounts managed	C
No. of portfolio managers	9
Size of research staff	4

Ballard, Biehl & Kaiser Inc., a multiple asset manager, diversifies portfolios over five asset classes: stocks, bonds, international, real estate and cash.

For equity, it uses low P/E stocks, sector rotation and market timing. It controls risk by diversification in 40 to 60 stocks and goes to cash in weak markets.

With an interest rate anticipation approach to fixed income, it plays markets for price movements rather than locking in long-term yields. Quality- and liquidity-oriented, it seeks AA or better, 20- to 25-year maturity issues.

In real estate, it buys private partnerships (80% to 100% of any deal), self-liquidating REITs, public REITs, and commingled bank funds. It seeks long-term, inflation hedges, using leverage.

The asset mix Jan. 1 was 35% bonds, 34% stocks, 21% international, 8% equity real estate and 2% cash.

Clients include Western Airlines, San Luis Medical Clinic and H.S. Crocker.

Research is 80% internally generated; 75 to 100 stocks are followed closely and 1,000, generally.

Ron Kaiser, executive vice president, is the chief investment officer. Brian Schaefer, vice president, is the client contact.

Balch, Hardy & Scheinman

501 Fifth Ave., New York, N.Y. 10017; (212) 661-6290

Total assets managed	$780,000,000
Tax-exempt assets managed:	
Total	$780,000,000
Fully discretionary	$780,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	15
Types of accounts managed	CPGJ
No. of portfolio managers	4
Size of research staff	1

Balch, Hardy & Scheinman Inc. is an options manager with a passive approach. It uses stocks in option buy/write programs where equities essentially are indexed to market average.

As of Jan. 1, the tax-exempt assets were 97% options overwriting and 3% in stocks.

The $190 million net gain in new tax-exempt business for 1984 was in option overwriting. Five clients were added.

Florida, Baltimore, McGraw Edison and Shell Oil are among its 15 tax-exempt clients.

Half the firm's research originates in-house.

William F. Balch, president, is the chief investment officer and client contact.

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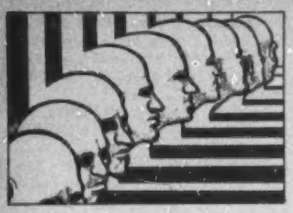

BancOhio National Bank Trust Group

155 E. Broad St., Columbus, Ohio 43251; (614) 463-7752

Total assets managed	$1,237,000,000
Tax-exempt assets managed:	
Total	$823,000,000
Fully discretionary	$336,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	297
Separate	820
Types of accounts managed	CEFG
No. of portfolio managers	7

BancOhio National Bank Trust Group handles equity, fixed-income and balanced accounts.

Its equity philosophy emphasizes medium-sized to large companies that exhibit consistent and progressive earnings and dividend payout performance over a reasonable period at rates above general economic activity.

Its fixed-income strategy incorporates both sector and interest rate analysis with a semi-dedicated bond portfolio strategy. Its principal objective is to maintain portfolio value and minimize price risk.

Of the total tax-exempt assets Jan. 1, $10 million was in commingled and $613 million in separate accounts.

The asset mix was 45% stocks, 40% bonds and 15% cash.

The firm follows 200 stocks closely and 250, generally.

Robert J. Murphy, vice president, is the chief investment officer. Adrian V. Wallace, assistant vice president, is the client contact.

BancOhio Capital Management is a subsidiary.

Bank of California

400 California St., San Francisco, Calif. 94104; (415) 765-0400

Total assets managed	$2,123,000,000
Tax-exempt assets managed:	
Total	$303,000,000
Fully discretionary	$303,000,000
Real estate assets managed	$3,700,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	33
Separate	34
Types of accounts managed	CEFJ
No. of portfolio managers	17
Size of research staff	8

Bank of California handles equity, fixed-income and balanced accounts.

Its income-oriented approach to growth stock offers two investment styles. One seeks above-average capital appreciation through a well-managed portfolio of highly profitable, fast-growing companies; the other attempts better-than-average returns on undervalued securities.

It seeks maximum total return from an actively managed collection of fixed-income securities, using sector rotation and interest rate anticipation.

Of the tax-exempt assets managed Jan. 1, $30 million was in commingled and $273 million in separate accounts.

The asset mix was 58% stocks, 32% bonds, 9% cash and 1% equity real estate.

Clients include Amstar, Hyster, Masters Mates & Pilots Union and Shriners Hospitals.

All its research originates in-house; 200 stocks are followed closely and 1,000, generally.

Peter A. McIntyre, vice president and senior investment officer, is the client contact.

Bank of Delaware

300 Delaware Ave., Wilmington, Del. 19899; (302) 429-1547

Total assets managed	$776,000,000
Tax-exempt assets managed:	
Total	$159,000,000
Fully discretionary	$159,000,000
Minimum separate account	$300,000
Tax-exempt clients:	
Commingled	45
Separate	55
Types of accounts managed	CFJ
No. of portfolio managers	5
Size of research staff	3

Bank of Delaware offers equity, fixed-income and balanced management.

Its combination top-down and bottom-up stock selection process relies on fundamental analysis, quantitative screening and technical analysis. Sector rotation is used.

Fixed-income exmphasis is on price stability with high current income. A shorter-than-average maturity structure is altered over the interest rate cycle.

In real estate, it employs a number of equity-oriented limited partnerships.

Of the total tax-exempt assets Jan. 1, $28 million was in commingled and $131 million in separate accounts.

The asset mix was 25% stocks, 65% bonds and 10% cash.

Clients include Atlantic Aviation, Asbestos Workers Local 42, Blue Cross-Blue Shield of Delaware and Plumbers Local 26.

Research is 10% internally generated; 50 stocks are followed closely and 100, generally.

Edgar B. Loring, vice president, is the chief investment officer. James W. Whalen Jr., senior corporate trust officer, is the client contact.

DelVest Inc. is a subsidiary.

Bank of New Hampshire

P.O. Box 477, Concord, N.H. 03301; (603) 225-4500

Total assets managed	$264,900,000
Tax-exempt assets managed:	
Total	$110,000,000
Fully discretionary	$110,000,000
Minimum separate account	$500,000
Tax-exempt clients	30
Types of accounts managed	CF
No. of portfolio managers	2

Bank of New Hampshire handles equity, fixed-income and balanced accounts.

Using market timing, it seeks growth stocks with low P/E ratios.

Its fixed-income approach is passive.

Of the tax-exempt assets managed Jan. 1, $10 million was in commingled and $100 million in separate accounts.

The asset mix was 50% stocks, 9% bonds, 5% cash and 36% GICs.

Research is 20% internally generated; 100 stocks are closely followed.

Ronald R. Camirand, vice president, is the chief investment officer. Frederic R. Pilch, senior vice president, is the client contact.

The Bank of New York

48 Wall St., New York, N.Y. 10015; (212) 530-1784

Total assets managed	$3,081,000,000
Tax-exempt assets managed:	
Total	$2,181,000,000
Fully discretionary	$1,460,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	28
Separate	104
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	10

The Bank of New York offers equity, fixed-income (domestic and international) and balanced capabilities.

Its equity approach uses sector rotation.

For fixed income, it uses interest rate anticipation and a full array of passive products.

Of the tax-exempt assets Jan. 1, $7 million was in commingled and $2.174 billion in separate accounts.

The asset mix was 55% stocks, 25% bonds, 10% cash and 10% mortgage-backed securities.

New York State Employees and Sherman Fairchild Foundation are among its clients.

Research is 80% internally generated; 30 to 50 stocks are followed closely and 200, generally. Options are used.

Charles L. Booth, executive vice president, is the chief investment officer. George C. Brett, vice president, is the client contact.

Bank of Oklahoma

P.O. Box 2300, Tulsa, Okla. 74192; (518) 588-6763

Total assets managed	$2,210,000,000
Tax-exempt assets managed:	
Total	$1,785,000,000
Fully discretionary	$1,325,050,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	240
Separate	182
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Bank of Oklahoma offers equity, fixed-income (including short-term securities) and balanced capabilities.

Its value-oriented equity approach emphasizes dividend growth.

Its passive approach to fixed income maximizes return at the shortest possible average maturity; long-term bonds are purchased only if the yield curve is inverted.

Of the tax-exempt assets managed Jan. 1, $173 million was in commingled and $1.2 billion in separate accounts.

The asset mix was 30% stocks, 50% bonds and 20% cash.

The firm netted $234 million in new tax-exempt business for 1984; 34 tax-exempt clients were added.

The firm follows 75 stocks closely and 150, generally.

Ned Schmidt, senior vice president, is chief investment officer. James W. Morris, vice president and trust officer, is the client contact.

The Bank of Tokyo Trust Co.

100 Broadway, Trust Dept., New York, N.Y. 10005; (212) 766-8494

Total assets managed	$85,000,000
Tax-exempt assets managed:	
Total	$78,050,050
Fully discretionary	$78,050,000
International assets managed	$1,000,000
Tax-exempt clients:	
Commingled	132
Separate	85
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	7

The Bank of Tokyo Trust Co. offers equity, fixed-income, balanced and international capabilities.

Taking a market timing approach to equities, it determines the outlook of the overall market, researches prospects of various industry sectors and discovers companies in industries likely to benefit from the perceived economic environment.

Its passive fixed-income approach seeks secure stable capital value in the total account, a predictable cash flow and consistent returns to realize superior long-term performance.

Of the tax-exempt assets managed Jan. 1, $25 million was in commingled and $53 million in separate accounts.

The asset mix was 10% stocks, 60% bonds and 30% cash.

Clients include Mitsubishi International, C-Itoh & Co. (America) Inc., Nomura Securities International and TDK Corp. of America.

Research is 30% internally generated; 58 stocks are followed closely and 298, generally.

Charles E. Ryan, vice president, is chief investment officer. Atsko Nakajima, trust officer, is client contact.

Bank of Virginia Trust Co.

7 N. Eighth St., Richmond, Va. 23219; (804) 771-7455

Total assets managed	$550,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$300,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	125
Separate	250
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	1

Bank of Virginia Trust Co. offers equity, fixed-income and balanced capabilities.

Its risk-averse equity approach stresses above-average dividend yield, and includes sector rotation, low P/E and Graham & Dodd analysis.

Its passive fixed-income strategy is to buy and hold short- to intermediate-term, high-quality securities.

Of the tax-exempt assets managed Jan. 1, $27 million was in commingled and $273 million in separate accounts.

The asset mix was 50% stocks, 45% bonds and 5% cash.

Clients include Mid-Atlantic Coca-Cola, Pulaski Furniture and Blue Cross of Virginia.

The firm follows 50 stocks closely and 200, generally.

W. Guy Williams Jr., senior vice president, is the chief investment officer. Samuel R. Brent and F. Gordon Mabey are the client contacts.

The Bankers Life

711 High St., Des Moines, Iowa 50307; (515) 247-5041

Total assets managed	$12,717,000,000
Tax-exempt assets managed:	
Total	$9,133,000,000
Fully discretionary	$9,133,000,000
Real estate assets managed	$655,000,000
Minimum separate account	$10,000,000
Tax-exempt clients:	
Pooled	4,705
GICs	150
Other	8,153
Types of accounts managed	CGJ
No. of portfolio managers	8
Size of research staff	44

The Bankers Life offers equity, fixed-income, balanced and real estate capabilities.

Its top-down, value-oriented equity approach, incorporating Graham & Dodd analysis, relates current price to estimated future return on net worth.

Its fundamental approach to fixed income uses both public and private markets, focusing on interest rates, credit risk, maturities and terms.

For real estate investments it seeks less-than-$10 million, newly constructed, fully leased buildings; it aims for low leverage with national diversification.

On Jan. 1, $1.39 billion was in pooled separate accounts. The asset mix was 73% stocks, 21% cash, 2% equity real estate, 1% mortgages and 3% private placements.

GICs accounted for $350 million.

Clients include American Motors, Federal-Mogul, Lubrizol and Meredith Publishing.

R.W. Ehrle, senior vice president, is chief investment officer. F. Doug Rasmussen, director of pension investment services, is client contact.

Value Investors Inc. is a subsidiary.

Bankers Trust — Investment Management Group

280 Park Ave., New York, N.Y. 10017; (212) 850-2050

Total assets managed	$31,191,000,000
Tax-exempt assets managed:	
Total	$31,191,000,000
Fully discretionary	$31,191,000,000
International assets managed	$56,000,000
Minimum separate account	$10,000,000
Tax-exempt clients:	
Commingled	200
Separate	120
Types of accounts managed	CEFGJ
No. of portfolio managers	26

Bankers Trust — Investment Management Group offers equity, fixed-income, balanced and international management; it also deals in options and futures.

Its active equity approach structures portfolios of underpriced large-capitalization stocks selected according to individual price targets relative to the expected return of the S&P 500.

Sector selection is the key to consistently adding optimal value over time to its fixed-income portfolios. It also focuses on interest rate sensitivity for the appropriate duration target and optimal maturities in relation to the yield curve.

Of the tax-exempt assets managed on Jan. 1, $9.2 billion was in commingled and $22 billion in separate accounts.

The asset mix was 60% stocks and 40% bonds.

The firm netted $907.4 million in new business for 1984; 21 clients were added.

Clients include Philip Morris, Lockheed, California Employees and New York City Employees.

Research is 85% internally generated; 100 stocks are followed closely and 250, generally. Options, stock index and fixed-income futures are used.

H. Kent Atkins, senior vice president, is the chief investment officer. William O. Melvin Jr., vice president-director of marketing, is the client contact.

Bankers Trust Investment Management Ltd., London, is a subsidiary.

Baring International Investment Ltd.

9 Bishopsgate, London, England EC2N 3AQ; (01) 623-5264

Total assets managed	$372,000,000
Tax-exempt assets managed:	
Total	$372,000,000
Fully discretionary	$372,000,000
International assets managed	$372,000,000
Tax-exempt clients	14
Types of accounts managed	C
No. of portfolio managers	6
Size of research staff	6

Baring International Investment Ltd., based in London, is an international manager. It uses a macro (top-down) equity approach to asset class and geographical selection, focusing on economic policy, currency outlook and other factors. Within individual countries, it is a stock picker, focusing on reinvestment rates to select undervalued securities.

Primarily an equity manager, it may hold fixed-income instruments as an equity substitute when unusual opportunities arise. These are managed on a yield to maturity basis.

As of Jan. 1, the asset mix of the tax-exempt assets was 91.5% stocks, 3.9% bonds and 4.6% cash.

Last year the net gain in new tax-exempt business was $175 million. Five clients were added.

Inland Steel, Caterpillar Tractor, Conrail and Fairchild Industries are among the firm's 14 tax-exempt clients (two of those accounts are yet to be funded).

While there is no minimum account size for separate management, there is a minimum annual fee of $70,000.

Sixty percent of its research is in-house; 500 stocks are followed closely and 300, generally.

Peter S. Hartley, managing director-London, is the chief investment officer. John F. McNamara, director-Boston, is the client contact. Mr. McNamara can be reached at: 66 Long Wharf, Suite 70-5N, Boston, Mass. 02110; (617) 357-9074.

Baring International Investment Management, the parent company, is wholly owned by Baring Brothers & Co. Ltd., a London merchant bank. Total assets of the parent company are $7.5 billion.

Weaver C. Barksdale & Associates

5050 Thoroughbred Lane, Suite A, Brentwood, Tenn. 37027; (615) 373-1155

Total assets managed	$348,000,000
Tax-exempt assets managed:	
Total	$348,000,000
Fully discretionary	$348,000,000
Real estate assets managed	58,500,000
Minimum separate account	$10,000,000
Tax-exempt clients	14
Types of accounts managed	CEGJ
No. of portfolio managers	2
Size of research staff	1

Weaver C. Barksdale & Associates, a fixed-income manager, had all of its $348 million in tax-exempt assets in bonds as of Jan. 1. Mortgage-backed securities accounted for $58.5 million.

Interest rate anticipation underlies the firm's approach. It adjusts portfolio duration based on its assessment of future interest rate trends using Business Cycle Dynamics, a proprietary system of economic momentum analysis.

The gain in new tax-exempt business for 1984 was $18 million; one tax-exempt client was added.

Its 14 tax-exempt clients include the Major League Baseball Players Association, Joy Manufacturing, Santa Fe International Corp. and the Tennessee Valley Authority.

Weaver C. Barksdale, president, is the chief investment officer; John E. McDowell, senior vice president, is the client contact.

Barrow, Hanley, Mewhinney & Strauss Inc.

5420 LBJ Freeway, 1250 2 Lincoln Center, Dallas, Texas 75240; (214) 392-3100

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$1,500,000,000
Fully discretionary	$1,500,000,000
Minimum separate account	$30,000,000
Tax-exempt clients	39
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Barrow, Hanley, Mewhinney & Strauss Inc., an equity manager, selects stocks with low P/Es and incorporates the Graham & Dodd approach.

The asset mix of the $1.5 billion tax-exempt assets under management on Jan. 1 was 88% stocks, 7% bonds and 5% cash.

The firm has 39 tax-exempt clients, including Phillips Petroleum, National Rural Electric Cooperative Association, Pacific Gas & Electric and American Airlines.

Half of the firm's research originates internally; 140 stocks are followed closely.

Michael C. Mewhinney is the client contact.

Bartlett & Co.

120 E. Fourth St., Cincinnati, Ohio 45202; (513) 621-4612

Total assets managed	$547,000,000
Tax-exempt assets managed:	
Total	$136,000,000
Fully discretionary	$136,000,000
Minimum separate account	$500,000
Tax-exempt clients	164
Types of accounts managed	CEFJ
No. of portfolio managers	14
Size of research staff	3

Bartlett & Co., a balanced manager, uses Graham & Dodd analysis in its equity approach and takes a passive approach to fixed-income. Its real estate style is value-oriented, seeking special situations.

The tax-exempt asset mix Jan. 1 was 50% stocks, 25% bonds and 25% cash.

The net gain in new tax-exempt business for 1984 was $51.9 million, all in equities; 23 tax-exempt clients were added.

Lexington Clinic, Burke Marketing, Whiting Manufacturing and Xavier University are among its 164 tax-exempt clients.

Eighty percent of research is generated internally; 150 stocks are followed generally.

Bartlett & Co. uses options, stock index futures and fixed-income futures.

William A. Friedlander, managing partner, is the chief investment officer. Woodrow H. Uible, partner and senior portfolio manager, is the client contact.

Batterymarch Financial Management

600 Atlantic Ave., Boston, Mass. 02210; (617) 973-9300

Total assets managed	$12,140,000,000
Tax-exempt assets managed:	
Total	$11,998,000,000
Fully discretionary	$11,998,000,000
International assets managed	$396,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	140
Types of accounts managed	CEFGJ
No. of portfolio managers	12

Batterymarch Financial Management, an equity manager, combines sector rotation with a quantitative approach. The firms looks for cheap, unpopular stocks and attempts to exploit uncertainty rather than fight it.

The firm uses options and fixed-income futures.

The tax-exempt assets on Jan. 1 were 99% in stocks and 1% in cash.

Last year's $903 million net gain in new tax-exempt business was in equities. Fifteen tax-exempt clients were added.

The firm uses options and stock-index futures. Ninety-eight percent of research is generated internally; 2,000 stocks are followed closely and 6,000, generally.

Stock investments in international markets for U.S. clients totaled $396 million.

The 140 tax-exempt clients include Oregon, Honeywell, Ford Foundation and United Mine Workers.

Dean LeBaron, president, is the chief investment officer. The client contact is Alan J. Strassman, executive vice president.

Baxter & Hoops Inc.

1166 S.T. Merchants Plaza, Indianapolis, Ind. 46204; (317) 635-7119

Total assets managed	$432,000,000
Tax-exempt assets managed:	
Total	$125,000,000
Fully discretionary	$125,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	4
Types of accounts managed	CG
No. of portfolio managers	3

Baxter & Hoops Inc., a fixed-income manager, uses a cycle timing approach designed to produce total returns in excess of the inflation rate during each interest rate cycle with

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State, local, provincial gov'ts.
J: Jointly trusteed
U: Unions (Canadian advisers only)

ROLLERT & SULLIVAN, INC.

INVESTMENT MANAGEMENT

BOSTON
470 Atlantic Avenue
Boston, MA 02210
(617) 542-0601
(800) 343-0811

NEW YORK
375 Park Avenue
New York, NY 10152
(212) 750-8484

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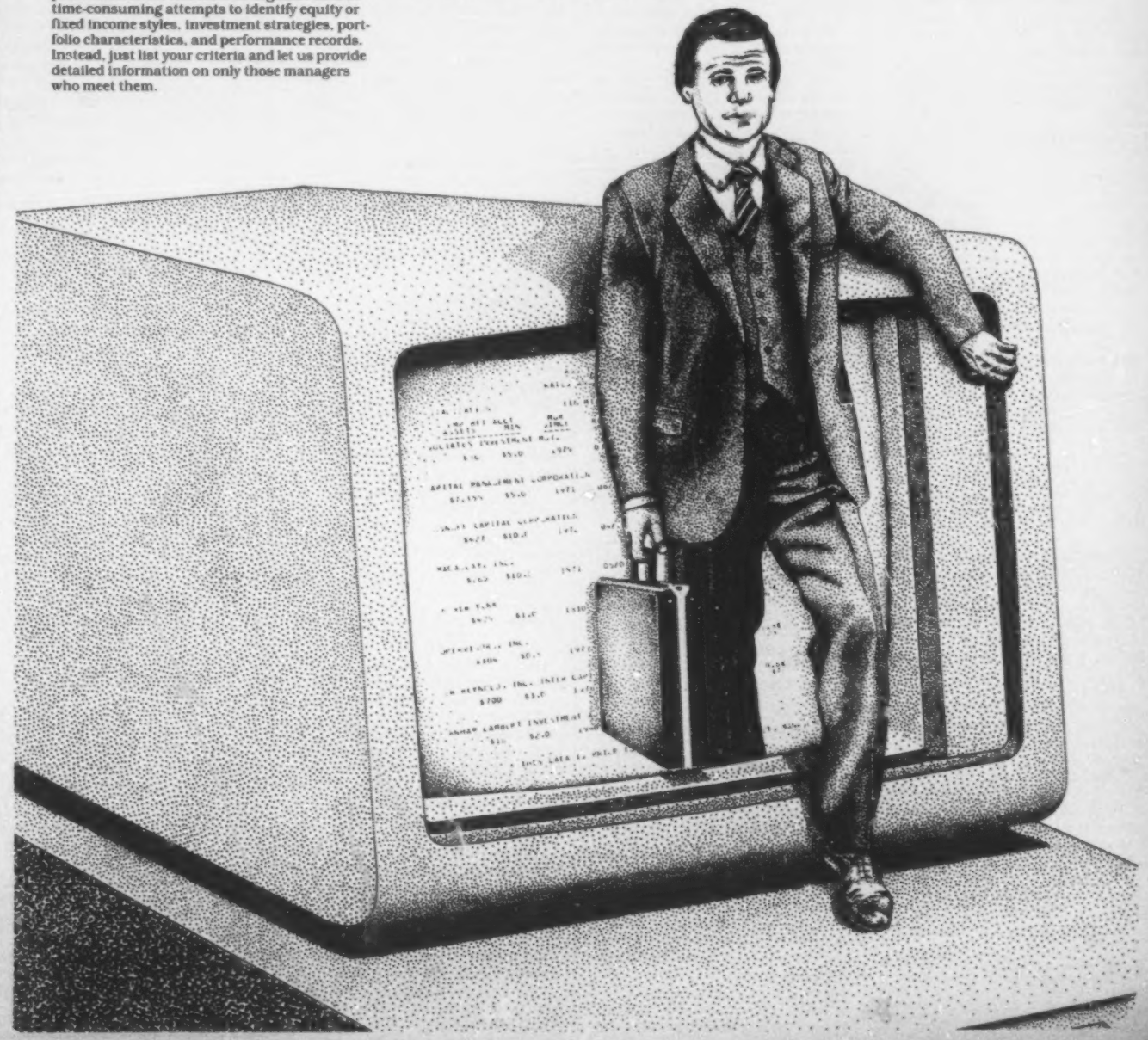
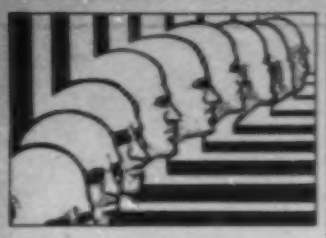
Where Your Investment Manager Search Should Start





minimum risk. Fixed-income futures are used.

The asset mix was 80% cash and 20% bonds Jan. 1.

The net gain in new tax-exempt business was $25 million for 1984.

Gary L. Baxter and Norman E. Hoope are the chief investment officers and client contacts.

BayBank Middlesex

7 New England Executive Park, Burlington, Mass. 01803; (617) 273-1700

Total assets managed	$750,000,000
Tax-exempt assets managed:	
Total	$315,000,000
Fully discretionary	$125,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	105
Separate	300
Types of accounts managed	CEPGJ
No. of portfolio managers	8
Size of research staff	2

BayBank Middlesex offers equity, fixed-income and balanced capabilities.

Its bottom-up stock selection approach emphasizes quality, growth and relative value. Rigorous cash management, low beta ranges, continuous monitoring of all securities and high diversification minimize risk.

Fixed-income portfolio construction seeks to optimize total return consistent with client's risk tolerance. Immunization, interest rate anticipation and sector analysis are employed when appropriate. Quality and diversification are emphasized.

Of the tax-exempt assets managed on Jan. 1, $30 million was in commingled and $285 million in separate accounts.

The asset mix was 40% stocks, 57% bonds, 2% cash and 1% mortgages.

The firm follows 350 stocks closely.

Greta E. Marshall, president, BayBanks Investment Management, is chief investment officer. She recently announced she will join the California Public Employees' Retirement System as chief investment officer June 1. Anthony F. Solomita, senior vice president, is the client contact.

Bayrock Advisors

127 John St., New York, N.Y. 10038; (212) 406-7720

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Minimum separate account	$500,000
Tax-exempt clients	7
Types of accounts managed	CEFG
No. of portfolio managers	4

Bayrock Advisors, an equity and balanced manager, is a value-oriented stock selector that retreats to cash in market uncertainty. Buy and sell disciplines lock in gains and limit losses. Strong emphasis is placed on fundamental research. Graham & Dodd is used.

The asset mix Jan. 1 was 40% stocks, 40% bonds and 20% cash.

Research is 25% internally generated; 75 stocks are followed closely and 150, generally.

Stuart Shikiar, managing director, is the chief investment officer. Jeffrey Laikind, managing director, is the client contact.

The firm is an independent affiliate of Prudential Bache Securities.

BBL Capital Management

50 Cours Saint-Michel, Brussels, Belgium 1040; 011-32-2-738-21-67

Total assets managed	$300,000,000
Tax-exempt assets managed:	
Total	$270,000,000
Fully discretionary	$85,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	30
Types of accounts managed	CF
No. of portfolio managers	4
Size of research staff	15

BBL Capital Management Corp. is a balanced and international manager combining low P/E with Graham & Dodd analysis in its equity approach. It aims at picking companies able to capitalize on a substantial cash flow and a strong foothold in their industry and selling at a discount compared to market multiples.

For fixed income, it anticipates interest rate movements, constantly reviews the currency content (diversification) of the portfolio, and tries to leverage it through well-timed purchases of deep discount bonds.

The asset mix Jan. 1 was 48% stocks, 43% bonds, 9% cash and 2% equity real estate.

The net gain in new tax-exempt business for 1984 was $24.1 million in balanced portfolios; five tax-exempt clients were added.

Research is 20% internally generated; 20 stocks are followed closely and 100, generally.

Ph. Desirant, manager, is chief investment officer. Georges Duneesme, managing director, is client contact.

Banque Bruxelles Lambert, Brussels, is the parent company.

BEA Associates

1 Citicorp Center, 153 E. 53rd St., New York, N.Y. 10022; (212) 832-2626

Total assets managed	$4,000,000,000
Tax-exempt assets managed:	
Total	$3,882,000,000
Fully discretionary	$3,718,000,000
International assets managed	$180,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	147
Types of accounts managed	CEPG
No. of portfolio managers	7
Size of research staff	5

For stock selection, BEA Associates, a balanced manager, uses a bottom-up, value oriented and mildly contrarian (lower P/E, lower price/book ratios) approach. It uses a wide variety of analytical tools.

The firm's fixed-income approach employs interest-rate anticipation. Fixed-income management emphasizes the appropriate weightings of maturities, based on interest rate forecasts. Yield spread analysis also is used to determine quality and sector weightings.

BEA uses options, stock-index futures and fixed-income futures.

On Jan. 1 the asset mix of the $3.7 billion tax-exempt assets under management was 70% stocks, 20% bonds and 10% cash. Investments in international markets for U.S. clients consisted of $130 million in stocks and $50 million in bonds.

Net gain in new tax-exempt business during 1984 was $175 million in equities and $145 million in fixed income. Twelve tax-exempt clients were added.

Twenty percent of research is generated internally.

Among the firm's 147 tax-exempt clients are Oregon, General Foods, Alcoa and Time Inc.

Albert Zesiger, chairman and president, is the chief investment officer. John B. Hurford, vice president and director, is the client contact.

Bear, Stearns Asset Management Inc.

55 Water St., New York, N.Y. 10041; (212) 952-5981

Total assets managed	$650,000,000
Tax-exempt assets managed:	
Total	$750,000,000
Fully discretionary	$500,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	40
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	2

Bear, Stearns Asset Management handles equity, fixed-income and balanced accounts, as well as maintaining an options overwrite program.

Its equity approach uses low P/E. Bear, Stearns is a value-oriented equity manager that buys median- to large-cap companies with a below-market P/E ratio and extremely high return on net worth and earnings growth rates. The firm is not a market timer.

Interest-rate anticipation forms its fixed-income approach. The firm is a conservative fixed-income manager that invests primarily in U.S. government securities and adjusts a portfolio's average maturity according to interest rate trends. Superior returns are achieved through the preservation of capital and a low-risk profile.

The asset mix Jan. 1 was 40% stocks and 60% bonds.

Eight clients were added last year, when the net gain in new tax-exempt business was $100 million in equities and $150 million in fixed income.

Among its 40 tax-exempt clients are Automatic Data Processing, Capital Cities Communications, Nabisco and Illinois.

Half of its research is generated internally; 100 stocks are followed closely and 1,500, generally.

Milton B. Rubin, chief executive officer, and Peter N. Marron, chief financial officer, are the chief investment officers. John F. Boneparth, director of marketing and client services, is the client contact.

The firm is a wholly owned subsidiary of Bear, Stearns & Co.

P.E. Becker Inc.

2185 Pacwest Center, Portland, Ore. 97204; (503) 223-1720

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$60,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	49
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	1

P.E. Becker Inc. is a balanced manager whose equity approach stresses low P/E. It begins with strong fundamental research zeroing in on sound companies that are valued at a reasonable price. Buying "at the right price" minimizes risk and is an added sell discipline.

Sector analysis forms its fixed-income approach. The market is searched for the best value at a given time relative to risk, knowing markets change and exploring new opportunities through active bond management.

On Jan. 1, the asset mix of the tax-exempt assets was 55% stocks, 35% bonds and 10% cash.

The net gain in new tax-exempt business last year was $25 million; $19 million was balanced and $6 million fixed. Fourteen tax-exempt clients were added.

The University of Portland, Portland Art Association and Medical Research Foundation of Oregon are some of the firm's 49 tax-exempt clients.

Patrick E. Becker, president, is the chief investment officer and client contact.

Beese, Fulmer & Pincoe Inc.

116 Cleveland Ave. N., AmeriTrust Building, Suite 418, Canton, Ohio 44702; (216) 454-6555

Total assets managed	$55,000,000
Tax-exempt assets managed:	
Total	$11,000,000
Fully discretionary	$11,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	6
Types of accounts managed	CEF
No. of portfolio managers	2

Beese, Fulmer & Pincoe Inc. is a balanced manager whose equity approach derives from growth stocks and low P/E stocks. The focus primarily is on fundamental valuation with earnings growth and market price sensitivities. Reserves vary up to 25% accordingly. The firm has a concentration of companies where shareholders' benefits are considered important by management.

Interest rate anticipation determines the fixed-income approach. Interest rate direction and yield-curve analysis are the keystones to bond performance. Shortened maturities are substituted for cash reserves while quality distinctions are mandated by yield-curve differentials.

On Jan. 1, the asset mix of the tax-exempt assets was 67% stocks, 28% bonds and 5% cash.

The $2.5 million net gain in new tax-exempt business for 1984 was evenly split between equities and fixed. One client was added.

One-tenth of the research is generated internally; 80 stocks are followed closely and 160, generally.

Dennis Fulmer, chairman, is chief investment officer. William A. Pincoe, president, is the client contact.

Berg Capital Corp.

600 Madison Ave., 14th floor, New York, N.Y. 10022; (212) 308-4705

Total assets managed	$49,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	2
Types of accounts managed	CF
No. of portfolio managers	2

Berg Capital Corp. is an equity manager specializing in total return with an equity orientation and investing in bonds as an alternative to stocks. Basing its equity approach on low P/E stocks and Graham & Dodd analysis, the firm emphasizes balance sheet, positive cash flow, asset re-deployment, earnings turnaround and earnings growth.

Interest rate anticipation is the key to its fixed-income approach. It owns bonds when they are an attractive alternative to equities, buying government issues with the expectation of making at least 35% total return over 18 months.

The tax-exempt asset mix Jan. 1 was 70% stocks, 25% bonds and 5% cash.

The net gain in new tax-exempt business for 1984 was $6 million.

Half of its research is generated in house; 30 stocks are followed closely and 70, generally.

Jonathan A. Berg, president, is the chief investment officer. Anthony R. Campbell, managing director, is the client contact.

Sanford C. Bernstein & Co.

767 Fifth Ave., New York, N.Y. 10153; (212) 486-5870

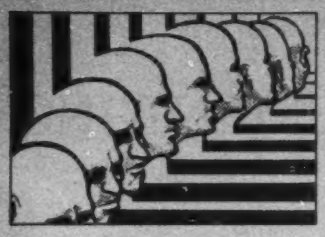
Total assets managed	$4,435,000,000
Tax-exempt assets managed:	
Total	$3,000,000,000
Fully discretionary	$3,000,000,000
Minimum separate account	$200,000
Tax-exempt clients	818
Types of accounts managed	CEFGJ
No. of portfolio managers	17
Size of research staff	28

Sanford C. Bernstein & Co., is an equity, fixed-income and balanced manager.

The firm uses low P/E, sector rota-

Canadian investment managers ranked by tax-exempt assets

Rank	Managers	($ millions)
1.	Royal Trust/Corporate Investment Services	$ 4,250
2.	Morguard Investments Ltd.	3,315
3.	Jarislowsky Fraser & Co.	2,800
4.	Beutel Goodman & Co.	2,750
5.	Sun Life Assurance Co. of Canada	2,530
6.	Toronto Investment Mgmt. Inc.	2,260
7.	Confed Investment Conselling Ltd.	2,096
8.	The Standard Life Assurance Co.	1,969
9.	The Manufacturers Life Insurance Co.	1,562
10.	Sceptre Investment Counsel Ltd.	1,552
11.	M.K. Wong & Associates Ltd.	1,420
12.	The National Victoria and Gray Trust Co.	1,360
13.	Crown Life Insurance Co.	1,209
14.	Mu-Cana Investment Counselling Ltd.	1,197
15.	The Great-West Life Assurance Co.	1,091
16.	Montreal Investment Mgmt. Inc.	1,025
17.	Knight Bain Seath & Holbrook	970
18.	Guardian Capital Investment Counsel	944
19.	Guaranty Trust Company of Canada	889
20.	Ruggles & Crysdale Inc.	870
21.	Mutual Life of Canada	850
22.	Canagex Placements Ltee	785
23.	Canada Permanent Trust Co.	757
24.	Metropolitan Insurance Cos.	704
25.	Montrusco Associates Inc.	610
26.	J.R. Senecal & Assocs. Invest. Counsel	540
27.	Timmins & Associates Ltd.	530
28.	Elliott & Page Ltd.	467
29.	Aetna Capital Mgmt. Ltd.	411
30.	Impco Investment Mgmt. Ltd.	400
31.	Gryphon Investment Counsel Inc.	389
32.	Investors Group Trust Co.	352
33.	Prudential Assurance Co. Pen. Fund Mgmt.	340
34.	Hodgson Roberton Ewing Ltd.	318
35.	Laketon Investment Mgmt.	271
36.	YMG Investment Counsel Inc.	260
37.	Cockfield Cooper Cunningham	256
38.	The Maritime Life Assurance Co.	200
39.	Altamira Management Ltd.	180
40.	Fiscal Consultants Ltd.	157
41.	Managed Investments Ltd.	148
42.	Reed Monahan Nicholishen Inv. Counsel	135
43.	Leith Wheeler Mgmt. Ltd.	134
44.	Merritt Easton Rae Mgmt. Ltd.	100
45.	Penreal Advisors Ltd.	100
46.	Foyston Gordon & Paine Inc.	91
47.	Connor Clark & Lunn Invest. Mgmt. Ltd.	75
48.	Elliott & Page Atlantic Ltd.	69
49.	Vanbrit Investment Mgmt. Inc.	66
50.	Lehndorff Management Group	65
51.	Bissett & Assocs. Investment Mgmt. Ltd.	54
52.	Hughes King & Company Ltd.	49
53.	Hamblin Watsa Investment Counsel Ltd.	30
54.	Mawer & Associates	30
55.	Phillips Hager & North Ltd.	20
56.	Loucks Lee & Associates Ltd.	10
57.	Horgan Investment Counsel Ltd.	5
58.	Armika Ltd.	2
59.	Guardian Timing Services Inc.	1
60.	M.T. Associates	0
	TOTAL	$46,019



tion and Graham & Dodd analysis in its equity approach. Value-oriented, it seeks to uncover extreme mispricings, using security analysis and a disciplined decision-making process. Value is defined by the relationship of price to long-term earnings and dividends.

The firm is a value-oriented, intermediate-term bond manager. Quantitatively based research evaluates relationships between and within sectors and along the yield curve.

The asset mix Jan. 1 was 89% stocks, 7% bonds and 4% cash.

The net gain in new tax-exempt business for 1984 was $1.3 billion: $1.194 billion in equities and $106 million in fixed; 96 tax-exempt clients were added.

New York State Teachers, Johnson & Johnson, Ralston Purina and Michelin Tire are among its clients.

Research is 90% internally generated; 490 stocks are followed closely and 490, generally.

Peter Carman is chief investment officer and chairman of the investment policy committee. Richard S. Abramson, director-pension asset advisors, is the client contact.

Bernstein-Macaulay Inc.

410 Park Ave., New York, N.Y. 10022; (212) 906-2900

Total assets managed	$3,022,200,000
Tax-exempt assets managed:	
Total	$2,556,000,000
Fully discretionary	$1,418,500,000
Minimum separate account	$3,000,000
Tax-exempt clients	94
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	3

Bernstein-Macaulay Inc. is an equity, fixed-income and balanced manager.

Its top-down equity approach emphasizes active asset allocation and identification of sector or stock sensitivity to economic conditions. The investment process utilizes a model portfolio and sell disciplines.

Its fixed-income approach combines measured duration adjustments with changes in sector emphasis. Its credentials include a 51-year emphasis on economic analysis and continuous sector reviews, both historical and forward-looking. Interest rate anticipation is used.

The asset mix Jan. 1 was 35.6% stocks, 46.7% bonds, 14.8% cash and 2.9% in an emerging growth trust fund.

Clients include American Federation of Television & Radio Artists, Lockheed, Bay Area Painters and Genesco Inc.

Research is 25% internally generated; 75 stocks are followed closely and 150, generally. Fixed-income futures are used.

James Karanfilian, president, is chief investment officer. Morton N. Richter, chairman, is client contact.

The firm is a subsidiary of Shearson Lehman Brothers Inc., an American Express company.

Berry Hartell & Evers

550 Kearny St. #510, San Francisco, Calif. 94108; (415) 362-5637

Total assets managed	$160,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Minimum separate account	$500,000
Tax-exempt clients	9
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	1

Berry Hartell & Evers, a balanced manager, combines growth stock, sector rotation and Graham & Dodd analysis in its equity approach. Stocks are selected by top-down analysis and purchased when technical indicators are positive.

Using an interest rate anticipation approach to fixed income, it purchases double-A or better issues only, with shorter-term (less than eight years) maturities.

The asset mix was 50% stocks, 40% bonds and 10% cash Jan. 1.

The net gain in new tax-exempt business for 1984 was $30 million, evenly split between equities and fixed. Four clients were added.

All research is internally generated; 75 stocks are followed closely and 125, generally. Options are used.

M.J. Hartell, partner, is the chief investment officer. Charles Osborne is the client contact.

Bessemer Trust

630 Fifth Ave., New York, N.Y. 10111; (212) 708-9140

Total assets managed	$3,453,000,000
Tax-exempt assets managed:	
Total	$504,000,000
Fully discretionary	$504,000,000
International assets managed	3,100,000
Minimum separate account	$5,000,000
Tax-exempt clients	69
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	7

Bessemer Trust handles equity, fixed-income and real estate accounts.

Its equity philosophy emphasizes a flexible, top-down, macroeconomic approach using market-cycle and market-theme analysis resulting in risk adjustment and major sector commitments.

Interest rate anticipation forms its fixed-income approach. Bonds are purchased based on the firm's interest rate forecasts and desired level of risk. Traditionally, it has concentrated on high-quality issues such as intermediate-term government securities.

Real estate accounts are invested in industrial properties, department stores, apartment complexes, office buildings and joint-venture condominium projects. With the exception of those properties held through limited partnerships, all are managed by professional property management groups on a contractual basis.

Stocks accounted for 53% of the tax-exempt assets under management on Jan. 1; bonds represented 26%, cash 16% and notes receivable 5%.

The net gain for 1984 in new tax-exempt business was $38.9 million. Equities brought in $29.1 million and fixed, $9.8 million. Ten tax-exempt clients were added.

Of the $3.1 million invested in international markets for U.S. tax-exempt clients, $1.4 million was in stocks, $1 million in bonds and $700,000 in cash.

The firm's 69 tax-exempt clients include Metal Box PLC, N.Y. State Bankers, W.R. Grace and U.S. Naval Academy.

Half of its research is generated internally; between 50 and 75 stocks are followed closely and 150, generally.

Charles W. Hastings, executive vice president, is the chief investment officer; Robert Q. Wyckoff Jr., vice president, is the client contact.

Beutel, Goodman & Co. Ltd.

Suite 1201, 2300 Yonge St., Toronto, Ontario M4P 1E4; (416) 485-1010

Total assets managed	$3,125,000,000
Tax-exempt assets managed:	
Total	$2,750,000,000
Fully discretionary	$2,750,000,000
U.S. assets managed	$580,000,000
Real estate assets managed	$120,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	77
Types of accounts managed	CEFGU
No. of portfolio managers	7
Size of research staff	4

Canadian manager Beutel Goodman & Co. Ltd. handles equity, fixed-income, balanced and real estate accounts.

Its equity approach is based on sector rotation and Graham & Dodd analysis. It uses a contrarian and value-oriented approach that seeks to accumulate deeply undervalued equities that are at a discount to intrinsic value at a low multiple of earnings.

The fixed-income approach uses interest rate anticipation. There is an emphasis on liquidity, quality and income stream. Total returns are augmented through active management that exploits both anomalies in yield curve relationships and deviations from the expected trend in rates.

In real estate, the firm operates closed-end diversified pools of commercial real estate. The emphasis is on acquiring properties that can be upgraded to augment cash returns.

The asset mix Jan. 1 was 43% Canadian stocks, 24% bonds, 5% cash, 4% equity real estate, 23% U.S. stocks and 1% venture capital.

The firm has 25 clients that are pension funds of subsidiaries of U.S. firms.

Austin C. Beutel, president, is chief investment officer; David A. Williams, vice president, is client contact.

Beutel, Goodman Capital Management Ltd.

2030 Texas Commerce Tower, Houston, Texas 77002; (713) 221-1790

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$400,000,000
Fully discretionary	$400,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	19
Types of accounts managed	CEFG
No. of portfolio managers	2
Size of research staff	5

Beutel, Goodman Capital Management primarily is an equity manager whose equity approach accents low P/Es. Its fixed-income approach relies on interest rate anticipation.

The tax-exempt asset mix Jan. 1 was 92% stocks, 5% bonds and 3% cash.

Ten tax-exempt clients were added in 1984, and the firm showed a net gain of $250 million in tax-exempt business.

Hercules Inc., Pacific Gas & Electric, Union Oil and Minnesota are among the firm's 19 tax-exempt clients.

Research is 80% internal; 40 stocks are followed closely and 300, generally.

Robert F. McFarland, president, is the chief investment officer and client contact.

Bissett & Associates Investment Management

#750, Bow Valley Square 2, 205 Fifth Ave. S.W., Calgary, Alberta T2P 2V7; (403) 266-4664

Total assets managed	$262,000,000
Tax-exempt assets managed:	
Total	$54,000,000
Fully discretionary	$54,000,000
Types of accounts managed	CF
No. of portfolio managers	4

Bissett & Associates Investment Management Ltd., a Canadian firm, has equity, fixed-income and balanced capabilities, and is a specialist in regional equity (western Canada).

It is a fundamental, bottom-up investor with longer term orientation. The equity approach uses Graham & Dodd analysis and low P/E stocks.

The fixed-income approach is passive, using the portfolio as a stabilizer and cash flow generator.

The asset mix Jan. 1 was 37% Canadian stocks, 53% bonds and 10% U.S. stocks.

Research is 30% internally generated; 30 stocks are followed closely and 100, generally.

Clients include Gainers Inc., Foothills Hospital, Northern Life Assurance Co. and First Western Trust Co.

David A. Bissett, president, is chief investment officer and client contact.

George D. Bjurman & Associates

10100 Santa Monica Blvd., Los Angeles, Calif. 90067; (213) 553-6577

Total assets managed	$410,000,000
Tax-exempt assets managed:	
Total	$376,000,000
Fully discretionary	$310,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	27
Types of accounts managed	CFG
No. of portfolio managers	4
Size of research staff	2

George D. Bjurman & Associates handles equity, fixed-income and balanced accounts.

Its equity approach combines growth stock, sector rotation, MPT and market timing. Stock selection is based on future prospects for industry groups, valuation and earnings price momentum.

Interest rate anticipation and sector analysis form the base of its fixed-income approach. Its greatest emphasis is on maturity structure, which is based on expected returns given a best case/worst case interest rate environment.

On Jan. 1, the tax-exempt asset mix was 60% stocks, 30% bonds and 10% cash.

The 1984 net gain in new tax-exempt business was $24 million in equities and $46 million in fixed income. Seven tax-exempt clients were added.

The firm uses options, stock index futures and fixed-income futures. Research is 85% internal; 45 stocks are followed closely and 100, generally.

A.H. Robins, the Grand Rapids Police and Fire Pension Fund, Motion Picture Industry and Collins Foods are among its 27 tax-exempt clients.

G. Andrew Bjurman, president, is the chief investment officer. O. Thomas Barry III, senior executive vice president, is the client contact.

BMI Capital Corp.

67 Wall St., New York, N.Y. 10005; (212) 422-1603

Total assets managed	$385,000,000
Tax-exempt assets managed:	
Total	$298,000,000
Fully discretionary	$298,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	17
Types of accounts managed	CGJ
No. of portfolio managers	2
Size of research staff	8

BMI Capital Corp. is an equity manager that bases its approach on stock selection. Using original, independent research and focusing outside the mainstream, BMI invests in rapidly growing and misperceived companies believed to present compelling opportunities for substantial gain.

The tax-exempt asset mix Jan. 1 was 95% stocks and 5% cash.

Last year, the net gain in new tax-exempt business was $22 million. Two clients were added.

Among its 17 tax-exempt clients are Allied Corp., Conoco, Union Pacific and New York City Teachers.

All research is in-house; 50 stocks are followed closely and 100, generally.

James D. Awad, president, and Francis J. Houghton Jr., chairman, are the chief investment officers. Sandra A. Jerro, vice president, is the client contact.

The firm is wholly owned by Brean Murray Foster Securities Inc.

Boatmen's First National Bank of Kansas City

P.O. Box 38, Kansas City, Mo. 64183; (816) 221-2800

Total assets managed	$2,115,000,000
Tax-exempt assets managed:	
Total	$1,050,000,000
Fully discretionary	$905,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	203
Separate	400
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	3

Boatmen's First National Bank of Kansas City offers equity, fixed-income and balanced capabilities.

Its top-down equity approach combines market timing, equity valuation, momentum studies and sector rotation techniques.

Its top-down approach to fixed income uses technical and sector analysis and interest rate anticipation.

Of the total tax-exempt assets Jan. 1, $265 million was in commingled and $785 million in separate accounts.

The asset mix was 45% stocks, 45% bonds and 10% cash.

The firm netted $75 million in new tax-exempt business for 1984; 52 tax-exempt clients were added.

Clients include Hallmark, Yellow Freight, Hesston and Interstate Brands.

Research is 20% internally generated; 100 stocks are followed closely and 500, generally.

Dwayne White, vice president, is chief investment officer. William T. Marks, vice president, is client contact.

The Boatmen's National Bank

100 N. Broadway, St. Louis, Mo. 63166; (314) 425-3616

Total assets managed	$5,100,000,000
Tax-exempt assets managed:	
Total	$4,100,000,000
Fully discretionary	$4,100,000,000
Minimum separate account	$2,000,000
Types of accounts managed	CEFG
No. of portfolio managers	12
Size of research staff	6

The Boatmen's National Bank offers equity, fixed-income and balanced capabilities.

Considerations for stock selection include value and positive price momentum. Emphasis is on above-average growth and return characteristics. The sell decision is based on negative earnings surprise and/or deteriorating relative strength.

Anticipated changes in interest rates or the yield curve determine structural changes in a fixed-income portfolio. Bonds are viewed as marketable instruments to be purchased when undervalued and sold when overpriced.

Of the total tax-exempt assets Jan. 1, $100 million was in commingled and $4 billion in separate accounts.

The asset mix that date was 50% stocks, 30% bonds and 20% cash.

Clients include Union Electric, Washington University and Brown Group.

Research is 10% internally generated; 60 stocks are followed closely and 300, generally. Options and stock index futures are used.

Russell W. Murphy, senior vice president, is the chief investment officer. Walter A. Hellwig, trust officer, is the client contact.

The Boston Co. Inc.

1 Boston Place, Boston, Mass. 02106; (617) 722-6970

Total assets managed	$8,720,000,000
Tax-exempt assets managed:	
Total	$5,498,000,000
Fully discretionary	$4,492,000,000
Real estate assets managed	$892,000,000
Minimum separate account	$3,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	20

The Boston Co. handles equity, fixed-income, balanced and real estate accounts, as well as oil and gas investments.

Its equity approach combines low P/E, quantitative and Graham & Dodd analysis. It is value-oriented, fundamentally based and risk-averse and makes extensive use of quantitative models and company research analysts to identify value.

For fixed income, interest rate forecasting drives active bond management in maturity, sector, coupon, quality and issue selection. Fixed-income and balanced accounts seek superior results through maturity management within risk-controlled constraints.

Affiliate TBC REAL ESTATE COUNSEL provides investments in equity real estate. It locates, structures and monitors these investments, and specializes in convertible mortgage investments including apartment buildings, malls, plazas, industrial parks and warehouses.

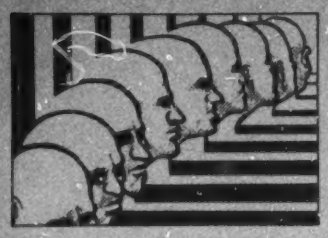
On Jan. 1, the tax-exempt asset mix was 17% stocks, 62% bonds, 16% equity real estate, 3% cash and 2% oil and gas.

Last year's net gain in new tax-exempt business was $76 million. Fourteen tax-exempt clients were added.

Tax-exempt clients include AT&T, General Motors, Deere & Co. and United Mine Workers.

Options and stock index futures are used. Research is 90% internal; 500 stocks are followed closely and 5,000, generally.

James N. von Germeten is president and chief investment officer.



John R. Snow, vice president, is the client contact.

The Boston Co. is affiliated with TBC Institutional Investors, Inc., TBC Real Estate Counsel and TBC Energy Advisors, Inc. The parent company's assets total $8.7 billion.

Boston Financial Real Estate Advisors

1 Post Office Square, Suite 1400, Boston, Mass. 02109; (617) 482-9790

Total assets managed	$3,100,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$25,000,000
No. of portfolio managers	6
Size of research staff	55

Boston Financial Real Estate Advisors, a division of the Boston Financial Technology Group, was established Dec. 1, 1984.

The real estate manager has a value/-price orientation, designing diverse portfolios in both property mix and geographical exposure.

Duncan A. Christie is the chief investment officer. Peter F. Tague III is the client contact.

Bounty Management Corp.

The Bedford Bldg., 99 Bedford St., Boston, Mass. 02111; (617) 357-8285

Total assets managed	$62,000,000
Tax-exempt assets managed:	
Total	$32,000,000
Fully discretionary	$32,000,000
Minimum separate account	$250,000
Tax-exempt clients	35
Types of accounts managed	CEJ
No. of portfolio managers	3
Size of research staff	1

Bounty Management Corp., a balanced manager, uses relative performance, central to the free-market system's supply-and-demand function, to pinpoint emerging low-risk, high value-added investments allocated appropriately for the long-term investment outlook.

The firm's equity approach relies on low P/E and market timing. Interest rate anticipation forms its fixed-income approach.

The asset mix Jan. 1 was 72% stocks, 20% bonds and 8% cash.

In 1984, nine tax-exempt clients were added and $6 million netted in new tax-exempt business.

Bounty's 35 tax-exempt clients include Crozer Theological Seminary, Marianist Society and McNamee, Lochner, Titus & Williams P.C.

Research is 80% in-house; 90 stocks are followed closely.

Raymond N. Bligh, president, is the chief investment officer and client contact in Boston. Robert J. King is the client contact in Atlanta.

Bradford & Marzec Inc.

555 S. Flower St., Suite 3660, Los Angeles, Calif. 90071; (213) 489-4288

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Real estate assets managed	$20,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	3
Types of accounts managed	CG
No. of portfolio managers	2
Size of research staff	2

Bradford & Marzec, a fixed-income manager, bases its approach on sector analysis. It uses the entire fixed-income universe including low grades, convertibles and preferreds to add value to its portfolios.

As of Jan. 1, the tax-exempt asset mix was 65% bonds, 15% cash and 20% mortgage-backed securities.

The net gain in new tax-exempt business was $100 million for 1984, when three tax-exempt clients were added.

Zelda Marzec is the chief investment officer; Steve Schjeldahl is the client contact.

Stacey Braun Associates Inc.

15 Maiden Lane, New York, N.Y. 10038; (212) 732-2060

Total assets managed	$591,000,000
Tax-exempt assets managed:	
Total	$591,000,000
Fully discretionary	$516,000,000
Real estate assets managed	$50,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	39
Types of accounts managed	GJ
No. of portfolio managers	5

Stacey Braun Associates, a balanced manager, selects equities with reasonably consistent earnings growth, low P/E multiples and dependable dividends for above-average yields. Graham & Dodd analysis is used.

It uses interest rate anticipation in fixed income.

The tax-exempt asset mix Jan. 1 was 20% stocks, 68% bonds (includes GNMAs), 2% cash and 10% mortgage-backed securities.

The firm netted $54 million in tax-exempt business for 1984, $10 million in equities and $44 million in fixed; two tax-exempt clients were added.

Clients include National Laborers, United Parcel Service Union and American Guild of Musical Artists.

Research is 75% internally generated; 75 stocks are followed closely and 150, generally.

Martin H. Wexler, president, is chief investment officer. Elizabeth Stirling, vice president, is client contact.

Breau Capital Management

66 Beacon St., Boston, Mass. 02108; (617) 367-0808

Total assets managed	$98,000,000
Tax-exempt assets managed:	
Total	$98,000,000
Fully discretionary	$98,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	9
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	2

Breau Capital Management Inc. manages value-oriented equity portfolios for a limited number of pension funds and endowments. Using Graham & Dodd techniques, emphasis is on low P/E and price-to-book multiples, undervalued assets and overlooked companies.

On Jan. 1, the mix of the $97.5 million tax-exempt assets under management was 74% stocks and 26% cash.

Last year, the firm netted $38.5 million in new tax-exempt business, all in equities. Five tax-exempt clients were added. Research is 90% internal; 100 stocks are followed closely.

Edward P. Breau, president, is the chief investment officer and client contact.

Daniel Breen & Co.

3400 RepublicBank, P.O. Box 61529, Houston, Texas 77208; (713) 223-2110

Total assets managed	$201,000,000
Tax-exempt assets managed:	
Total	$178,000,000
Fully discretionary	$178,000,000
Tax-exempt clients	14
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Daniel Breen & Co. is an equity, fixed-income and balanced manager.

The firm combines fundamental and relative valuation analysis with a rotational equity portfolio structure that blends themes and stock characteristics rather than industries. Specific rate of return objectives are coupled with a strong sell discipline.

In fixed income, it determines the likely direction of interest rates by closely monitoring the Fed's reported figures. The firm invests exclusively in U.S. Treasuries; the average maturity is less than five years, except in periods of significant potential capital gains.

The asset mix Jan. 1 was 65% stocks and 35% bonds.

The net gain in new tax-exempt business for 1984 totaled $126.4 million: $96.3 million in equities and $30.1 million in fixed income. Ten tax-exempt clients were added.

Meadows Foundation, Reader's Digest Association, Continental Telecom and the city of Austin are among its 14 tax-exempt clients.

Research is 60% internally generated; 100 stocks are followed closely followed and 1,500, generally. The firm uses options.

Daniel A. Breen, president, is chief investment officer and client contact.

John W. Bristol & Co. Inc.

233 Broadway, New York, N.Y. 10279; (212) 267-9000

Total assets managed	$1,200,000,000
Tax-exempt assets managed:	
Total	$1,100,000,000
Fully discretionary	$1,100,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	29
Types of accounts managed	EF
No. of portfolio managers	5

John W. Bristol & Co. Inc., a balanced manager, invests in growth stocks and forecasts interest rates for fixed income.

The asset mix Jan. 1 was 80% stocks, 15% bonds and 5% cash.

The net gain in new tax-exempt business for 1984 was $100 million; two tax-exempt clients were added.

Clients include Princeton University, Swarthmore College, Colorado College and Clark Art Institute.

Half of its research originates in-house; 100 stocks are followed closely and 200, generally.

Charles H. Mott, president, is chief investment officer and client contact.

Alex. Brown Investment Management

135 E. Baltimore St., Baltimore, Md. 21202; (301) 727-1700

Total assets managed	$461,000,000
Tax-exempt assets managed:	
Total	$267,000,000
Fully discretionary	$267,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	54
Types of accounts managed	EFG
No. of portfolio managers	4
Size of research staff	1

Alex. Brown Investment Management is an equity and balanced manager. In its equity approach, it uses flexible value investing, emphasizing selection of stocks that are overlooked or out of favor in the market.

Its fixed-income approach emphasizes high income and stability of principal, particularly short and intermediate maturities, high quality, high coupons and liquidity.

The tax-exempt asset mix Jan. 1 was 65% stocks, 30% bonds and 5% cash. The net gain in new tax-exempt business in 1984 was $70 million: $50 million in equities and $20 million in fixed. Ten clients were added.

J. Dorsey Brown III, general partner, is chief investment officer and client contact.

Alex. Brown & Sons Inc., a broker-dealer, is a limited partner of the firm.

Brown Brothers Harriman

59 Wall St., New York, N.Y. 10005; (212) 483-1818

Total assets managed	$9,370,000,000
Tax-exempt assets managed:	
Total	$5,850,000,000
Fully discretionary	$5,850,000,000
Real estate assets managed	$480,000,000
International assets managed	$347,000,000
Tax-exempt clients	401
Types of accounts managed	CEFGJ
No. of portfolio managers	35
Size of research staff	26

Brown Brothers Harriman & Co. handles equity, fixed-income, balanced and international accounts. The firm uses stock selection, diversification, market timing and Graham & Dodd analysis for equity accounts and equity components of balanced accounts.

The firm's activist fixed-income approach uses sector and individual issue swapping as well as interest rate anticipation.

The mix of the tax-exempt assets Jan. 1 was 30% stocks, 44% bonds, 18% cash and 8% mortgage-backed securities.

25 largest investment counseling firms* ranked by tax-exempt assets

Rank	Managers	($ millions)
1.	Batterymarch Financial Management	$11,998
2.	Jennison Associates Capital Corp.	11,800
3.	Criterion Investment Management	7,800
4.	Fayez Sarofim & Co.	7,672
5.	Fischer Francis Trees & Watts	7,280
6.	T. Rowe Price Associates	7,220
7.	Scudder Stevens & Clark	7,161
8.	Lehman Management Co.	6,604
9.	Delaware Investment Advisors	6,425
10.	Wellington Management/Thorndike Doran	6,141
11.	Brown Brothers Harriman	5,850
12.	The Boston Co.	5,498
13.	Oppenheimer Capital Co.	5,408
14.	Miller Anderson & Sherrerd	5,068
15.	Rosenberg Capital Management	4,966
16.	Stein Roe & Farnham	4,313
17.	Lincoln Capital Management	4,116
18.	Forstmann-Leff Associates	3,951
19.	BEA Associates	3,882
20.	INVESCO Capital Management	3,849
21.	Capital Supervisors Inc.	3,623
22.	Sanford C. Bernstein	3,600
23.	Neuberger & Berman	3,432
24.	Lazard Freres Asset Management	3,142
25.	IDS Advisory	2,993
	TOTAL	$143,792

*Excluding bank and insurance company subsidiaries.

In 1984, the firm netted $329 million in new tax-exempt business and added 32 clients.

American Airlines, Bell System and Joseph E. Seagram are among its 401 tax-exempt clients.

Options and stock index futures are used. Research is 70% internal; 280 stocks are followed closely and 500, generally.

Elbridge T. Gerry Jr., partner, is the chief investment officer. Frank J. Keeler, manager, is the client contact.

C.H. Brown Co. Inc.

165 South Plaza Bldg., Minneapolis, Minn. 55416; (612) 544-8411

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	6

C.H. Brown Co. Inc., a total return manager, uses stocks, bonds and money instruments.

With a market timing approach to equity, it seeks medium- to higher-capitalized stocks. It will hold stocks until its major market research directs it to put protective parameters on issues; if those parameters are violated, the equity percentage decreases.

U.S. Treasury bonds are its main fixed-income investment. The firm evaluates interest rates from its internal research, buying longer term or eliminating its entire position.

The asset mix Jan. 1 was 90% stocks and 10% cash. Tax-exempt clients include Bemis, Minneapolis Fire Fighters, Plywood Minnesota and TSI.

Research is 80% internally generated; 40 to 50 stocks are followed closely and 150 to 200, generally.

Richard H. Brown, president, is the chief investment officer. Ted Merriam, investment manager, and Ronald Stuepfert, fixed-income manager, are the client contacts.

Robert C. Brown & Co. Inc.

655 Montgomery St., San Francisco, Calif. 94111; (415) 981-4050

Total assets managed	$1,700,000,000
Tax-exempt assets managed:	
Total	$1,500,000,000
Fully discretionary	$1,500,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	40
Types of accounts managed	CFGJ
No. of portfolio managers	6
Size of research staff	2

Robert C. Brown & Co. Inc., a fixed-income manager, uses interest rate anticipation.

All assets were in bonds Jan. 1.

Clients include Boeing, FMC, Hercules and Kansas Employees.

The firm uses fixed-income futures.

Robert C. Brown, president, is chief investment officer. Richard C. Taylor, vice president, is client contact.

The firm owns Pacific Securities, a brokerage firm, and the Magic Group of insurance companies.

Brundage, Story and Rose

1 Broadway, New York, N.Y. 10004; (212) 269-3050

Total assets managed	$3,140,000,000
Tax-exempt assets managed:	
Total	$2,086,000,000
Fully discretionary	$1,863,000,000
Minimum separate account	$500,000
Tax-exempt clients	381
Types of accounts managed	CEFGJ
No. of portfolio managers	19
Size of research staff	5

Brundage, Story and Rose is an equity and balanced manager using low P/E stocks and Graham & Dodd analysis in its equity approach. It is a long-term fundamental investor stressing broad economic and monetary factors. It focuses on business and industry considerations before choosing individual securities.

Interest rate anticipation forms its fixed-income approach. Securities with maturities primarily in the one- to five-year range add stability and additional income to balanced portfolios.

On Jan. 1, 80% of the tax-exempt assets were in stocks, 15% in bonds and 5% in cash. NYNEX, Westvaco, Alcoa and Consolidated Natural Gas are among its 381 tax-exempt clients.

Research is 90% internally generated; 400 stocks are followed closely and 1,000, generally.

Charles G. Watson and Malcolm D. Clarke Jr., co-chairmen, are the chief investment officers. Mr. Clarke is also the client contact.

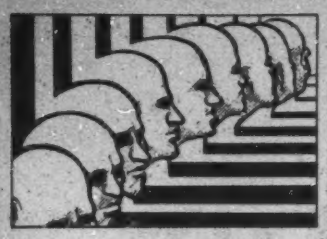
Burgess Capital Corp.

499 Seaport Court, Suite 201, Redwood City, Calif. 94063; (415) 369-4545

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	17
Types of accounts managed	CG
No. of portfolio managers	3

Burgess Capital Corp. is a risk-averse equity manager, weighting both fundamental and technical analysis during market cycle rotation. Sector rotation is used. Options and cash equivalents are used to adjust portfolio risk.

The asset mix Jan. 1 was 70% stocks and 30% cash.



The net gain in new tax-exempt business for 1984 was $20 million; three tax-exempt clients were added.

Clients include Catlow-Steens, Colyear Development, Kelsey National and Convoy Co.

Research is 10% internally generated; 30 stocks are followed closely and 400, generally.

Robert F. Burgess, president, is chief investment officer and client contact.

Burnham & Co.

202 Federal Square Bldg., Grand Rapids, Mich. 49503; (616) 459-1043

Total assets managed	$234,000,000
Tax-exempt assets managed:	
Total	$159,000,000
Fully discretionary	$159,000,000
Minimum separate account	$200,000
Tax-exempt clients	83
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	2

Burnham & Co., a balanced manager, uses a growth stock approach for equities and interest rate anticipation for fixed income.

The asset Jan. 1 mix was 71.5% bonds, 18.9% stocks and 9.6% cash.

Twelve tax-exempt clients were added in 1984.

Clients include Oakland County, Kalamazoo County and Muskegon Plumbers and Pipefitters.

Thirty stocks are followed closely and 60, generally. The firm uses options.

Robert W. Burnham, president, is chief investment officer. Beverly Ten-Brock, vice president, is client contact.

Cadinha & Co. Inc.

900 Fort Street Mall, Suite 1240, Honolulu, Hawaii 96813; (908) 523-9488

Total assets managed	$57,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Minimum separate account	$250,000
Tax-exempt clients	55
Types of accounts managed	CE
No. of portfolio managers	4

Cadinha & Co. Inc. is a balanced manager whose top-down, fundamental, high-quality approach to equity emphasizes growth stock.

Interest rate anticipation is the basis of its fixed-income approach, which uses interest rate yield curve analysis with proper placement on high-quality debt instruments.

The asset mix Jan. 1 of the $40 million tax-exempt assets under management was 50% stocks, 40% bonds and 10% cash.

Last year's net gain in new tax-exempt business was $15 million, $8 million of which was in equities and $7 million in fixed income. Six clients were added.

One quarter of its research is generated internally; 50 stocks are followed closely and 50, generally.

The minimum size for separate management is $250,000 for in-state accounts and $1 million for out-of-state accounts.

Harland J. Cadinha, president, is the chief investment officer. Janis C. Akuna, vice president, is the client contact.

Calcasieu Marine National Bank

P.O. Box 3403, Lake Charles, La. 70602; (318) 494-3319

Total assets managed	$49,000,000
Tax-exempt assets managed:	
Total	$24,000,000
Fully discretionary	$24,000,000
Minimum separate account	$100,000
Tax-exempt clients	65
Types of accounts managed	CGJ
No. of portfolio managers	1

Calcasieu Marine National Bank offers equity, fixed-income and balanced capabilities.

It generally employs a top-down, long-term, value-oriented equity approach with Graham & Dodd analysis. However, other investment approaches also may be used, including MPT, market timing, sector rotation and growth or emerging growth.

Interest rate anticipation is its primary approach to fixed-income investing, with sector analysis and swapping secondary.

All assets were in separate accounts Jan. I; the asset mix was 15% stocks, 55% bonds and 30% cash.

Half its research originates in-house; 30 stocks are followed closely and 100, generally. Options are used.

James E. Rickenbacker, trust investment officer, is the chief investment officer. Fred Lee, vice president, is the client contact.

Cambiar Investors Inc.

8400 E. Prentice Ave. #460, Englewood, Colo. 80111; (303) 793-3939

Total assets managed	$162,000,000
Tax-exempt assets managed:	
Total	$115,000,000
Fully discretionary	$115,000,000
International assets managed	$6,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	92
Types of accounts managed	CEFG
No. of portfolio managers	2
Size of research staff	3

Cambiar Investors Inc., an equity manager, uses fundamental research to evaluate common stocks it determines to be undervalued. It concentrates on stocks that have low P/Es and are out of favor.

The asset mix Jan. 1 was 63% stocks, 34% cash and 3% bonds. Investments in international stocks totaled $6 million.

Net new business in 1984 totaled $10 million; 24 tax-exempt clients were added.

AccuRay Corp., Boeing, Gulf Oil and SCOA Industries are among the clients.

Research is 20% internally generated; 300 stocks are followed closely and 700, generally.

Michael S. Barish, president, is the chief investment officer. Theo N. Otis, vice president, is the client contact.

James T. Cambier Investments

366 Love Lane, Danville, Calif. 94526; (415) 820-1164

Total assets managed	$3,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$1,500,000
Minimum separate account	$100,000
Tax-exempt clients	5
Types of accounts managed	C
No. of portfolio managers	1

James T. Cambier Investments, primarily an equity manager, opened Sept. 1, 1984.

Its equity approach blends fundamental and technical analysis. The firm holds issues three to five years, and is patient. Low P/E and Graham & Dodd anaylsis are included in the approach.

Using a sector analysis approach to fixed income, it seeks diversified bond portfolios with various maturities and quality ratings.

The asset mix was 95% stocks and 5% cash on Jan. 1. Half of its research originates in-house; 50 stocks are followed closely and 500, generally.

James T. Cambier, president, is chief investment officer and client contact.

Campbell Advisors Inc.

342 Madison Ave., New Ycrk, N.Y. 10173; (212) 687-6960

Total assets managed	$457,000,000
Tax-exempt assets managed:	
Total	$360,000,000
Fully discretionary	$360,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	27
Types of accounts managed	CEF
No. of portfolio managers	5

Campbell Advisors Inc., an equity and balanced manager, has a fundamentally oriented, modified top-down approach to equity. Generally, it is in 10 to 12 areas or sectors when fully invested. The firm employs sector rotation and a valuation overlay on stock selection.

For fixed income, it uses interest rate anticipation.

The asset mix Jan. 1 was 90% stocks, 5% bonds and 5% cash.

Kaiser Cement, First Boston, General Dynamics and TRW are among its tax-exempt clients.

Half of its research originates in-house; 80 stocks are followed closely and 150, generally.

Douglas Campbell Jr., president, is chief investment officer. Kenneth C. Swenson, vice president, is client contact.

The Campbell Group

1 S.W. Columbia, Suite 1720, Portland, Ore. 97258; (503) 226-3077

Total assets managed	$38,000,000
Tax-exempt assets managed:	
Total	$11,000,000
Real estate assets managed	$11,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	1
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	1

The Campbell Group specializes in selective acquisition, financing and professional management of Northwest timberland. Objectives are capital growth, investment diversification and capital preservation. Investments are tailored to complement portfolio objectives.

All assets were in timber on Jan. 1.

The net gain in new tax-exempt business for 1984 was $5 million.

J. Duncan Campbell Jr., president, is chief investment officer. George N. Gabriel, vice president, is client contact.

Campbell, Newman, Pottinger and Associates

777 E. Wisconsin Ave., Milwaukee, Wis. 53202; (414) 276-0380

Total assets managed	$180,000,000
Tax-exempt assets managed:	
Total	$66,000,000
Fully discretionary	$66,000,000
Minimum separate account	$500,000
Tax-exempt clients	21
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	1

Campbell, Newman, Pottinger and Associates Inc., a balanced manager, combines growth stock, low P/E and sector rotation in its equity approach. It identifies undarvalued issues whose earnings growth and price appreciation potential are being ignored by the market as indicated by low P/E ratios and/or attractive dividend yields.

Interest rate anticipation and sector analysis are used in its fixed-income approach. Investments are actively managed, exploiting attractive yield situations with high-quality issues and timing.

The asset mix was 50% stocks, 40% bonds and 10% cash on Jan. 1.

Half of its research originates in-house; 200 stocks are followed closely.

Leonard Campbell Jr., president, is the chief investment officer and client contact.

Campbell, Reed, Conner & Birdwell Inc.

10889 Wilshire Blvd., Suite 945, Los Angeles, Calif. 90024; (213) 208-5023

Total assets managed	$230,000,000
Tax-exempt assets managed:	
Total	$105,000,000
Fully discretionary	$85,000,000
Minimum separate account	$500,000
Tax-exempt clients	27
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	1

Campbell, Reed, Conner & Birdwell Inc., a balanced manager, uses an equity approach combining growth stock, emerging growth and Graham & Dodd analysis. It looks for trends within companies that it thinks will take one to two years to germinate, and becomes an early investor seeking large capital gains.

With a passive fixed-income approach, its bias is toward short to intermediate maturities with some emphasis on longer term zeros.

The asset mix Jan. 1 was 65% stocks, 20% bonds and 15% cash.

The net gain in new tax-exempt business for 1984 was $12 million: $8 million in equities and $4 million in fixed; two tax-exempt clients were added.

Clients include Data Products Corp., Craig Corp., C.L. Peck Contractors and Web Service.

Half of its research originates in-house; 55 stocks are followed closely and 100, generally.

Neil F. Campbell, founder, is chief investment officer. Donn B. Conner, president, is client contact.

William G. Campbell & Co. Inc.

215 E. 49th St., New York, N.Y. 10017; (212) 421-3561

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$500,000
Tax-exempt clients	8
Types of accounts managed	EF
No. of portfolio managers	1
Size of research staff	1

William G. Campbell & Co. Inc., a balanced manager, takes big positions in big stocks that offer the potential for big profits. It uses a growth stock approach to equity and a passive approach to fixed-income.

On Jan. 1, 70% of the tax-exempt assets were in stocks, 25% in bonds and 5% in cash.

Forty stocks are followed closely and 40, generally.

William G. Campbell, president, is the chief investment officer. Margaret R. Mcinnis, vice president, is the client contact.

Canada Permanent Trust Co.

320 Bay St., Toronto, Ontario M5H 2P6; (416) 361-6246

Total assets managed	$13,000,000,000
Tax-exempt assets managed:	
Total	$757,000,000
Fully discretionary	$631,000,000
U.S. assets managed	$230,000,000
Real estate assets managed	$82,000,000
International assets managed	$38,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	153
Types of accounts managed	CEPGU
No. of portfolio managers	8
Size of research staff	5

Canada Permanent Trust Co., a Canadian firm, is a balanced manager.

Its equity approach includes low P/E stocks and quantitative analysis. The portfolio is concentrated in 35 securities so profits are realized from sectors demonstrating a greater potential. Securities are selected on the basis of fundamental analysis. A sell discipline is in place.

For fixed income, terms are adjusted to profit from the rise or fall in interest rates. Returns are enhanced by shifting emphasis between sectors to capture spread trading. Liquidity and quality are necessary to minimize variability.

The mortgage portfolio is composed of residential mortgages located in major urban centers. The average term of 23 months reflects changes in interest rates quickly while offering returns greater than short-term paper.

The asset mix Jan. 1 was 35% Canadian stocks, 34% bonds, 8% cash, 13% mortgages and 10% U.S. stocks.

The firm follows 156 stocks closely. It generates 25% of its research internally.

There are 23 clients that are pension funds of subsidiaries of U.S. firms.

Earl Bederman, vice president and chief economist, is the chief investment officer; Barbara A. Boucher, account executive, is the client contact.

The parent company is Genstar Corp.

Canagex Placements Ltee

625 Dorchester Blvd. W., Bureau 600, Montreal, Quebec H3B 1R2; (514) 879-9272

Total assets managed	$1,744,000,000
Tax-exempt assets managed:	
Total	$785,000,000
Fully d'acretionary	$785,000,000
U.S. assets managed	$16,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	34
Types of accounts managed	CFU
No. of portfolio managers	11

Canagex Placements, a Canadian firm, has equity, fixed-income, balanced and options capabilities.

Its equity approach incorporates sector rotation and Graham & Dodd analysis. For fixed income, it uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 25% Canadian stocks, 50% bonds, 15% cash and 10% U.S. stocks.

Canagex follows 50 stocks closely and 200, generally.

It has one client that is a pension fund of a subsidiary of a U.S. firm.

Claude Lemire, president, is chief investment officer and client contact.

Capital Advisors Inc.

320 S. Boston, Suite 908, Tulsa, Okla. 74103; (918) 599-0045

Total assets managed	$215,000,000
Tax-exempt assets managed:	
Total	$177,000,000
Fully discretionary	$137,000,000
Minimum separate account	$150,000
Tax-exempt clients	59
Types of accounts managed	CFJ
No. of portfolio managers	3
Size of research staff	1

Capital Advisors Inc., a balanced manager, seeks those stocks that have strong fundamentals with expected incremental growth not fully discounted or recognized in the market.

Graham & Dodd analysis is combined with low P/E ratio stocks and market timing.

In fixed income, it staggers its obligations within a one- to seven-year maturity range, and overweights or underweights the shorter or longer end in anticipation of interest rate cycles.

The asset mix Jan. 1 was 25% stocks, 70% bonds and 5% cash.

The net gain in new tax-exempt business for 1984 was $4 million — $2.5 million in equities and $1.5 million in fixed.

Eleven tax-exempt clients were added.

Mabee Foundation, United Catalysts and Bank of Commerce, Tulsa, are among its tax-exempt clients.

Research is 5% internally generated; 30 stocks are followed closely and 100, generally.

Richard E. Minshall, president, is the chief investment officer. Lawrence Field, vice president-corporate planning, is the client contact.

The firm is investment adviser to the Bank of Commerce Trust Department, Tulsa.

Capital Advisors Inc.

Box 5367, Lancaster, Pa. 17601; (717) 569-4655

Total assets managed	$303,000,000
Tax-exempt assets managed:	
Total	$303,000,000
Fully discretionary	$303,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	7
Types of accounts managed	CG
No. of portfolio managers	2

Capital Advisors Inc. specializes in short-term money management. It offers two basic products: the management of short-term portfolios and the management of securities lending programs.

The asset mix was 75% cash and 25% bonds on Jan. 1.

The net gain in new tax-exempt business for 1984 was $15 million, all in fixed; two clients were added.

Clients include Dallas Police & Fire, Dallas Employees, Chicago Transit Authority and Anderson Clayton.

George A. Ominski, president, is the chief investment officer. Frank L. Iaquinta Jr., managing director, is the client contact.

Capital Counseling Service

555 California St., San Francisco, Calif. 94104; (415) 622-6658

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$17,000,000
Fully discretionary	$16,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	9
Types of accounts managed	CFG
No. of portfolio managers	2

Capital Counseling Service, a balanced manager, provides investment management for middle-market sponsors of pension and profit-sharing funds.

It emphasizes value-oriented situations with above-average total return and uses a sector rotation approach to equity.

The asset mix was 60% stocks and 40% bonds and cash Jan. 1.

Two tax-exempt clients were added in 1984.

Equity and fixed-income research is provided by BA Investment Co.

Robert C. Barrett, Bank of America vice president, heads its investment group. J.W. Vitalone, senior investment officer, is the client contact.

The firm is affiliated with Bank of America.

Capital Guardian Trust Co.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9200

Total assets managed	$9,317,000,000
Tax-exempt assets managed:	
Total	$9,317,000,000
Fully discretionary	$9,033,000,000
International assets managed	$853,000,000
Minimum separate account	$20,000,000
Tax-exempt clients:	
Commingled	44
Separate	36
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	48

Capital Guardian Trust Co. offers equity, fixed-income, balanced and international capabilities.

Its equity approach is fundamental, based on thorough, detailed research and analysis with an emphasis on value.

Its fixed-income approach is two-thirds interest rate anticipation and one-third security selection. It makes strategic adjustments to portfolio maturities based on its perception of interest rate trends, which is based on a global analysis of economic and political events.

Of the assets managed on Jan. 1, $866 million was in commingled and $8.451 billion in separate accounts.

The asset mix was 84% stocks, 9.7% bonds and 6.3% cash.

The firm had a net loss of $111 million in business for 1984; four clients were added.

Clients include Armco, International Paper, Mobil and Boeing.

Research is 90% to 95% internally generated; 600 stocks are followed closely and 1,200, generally.

R. Michael Shanahan, president, is chief investment officer. John H. Seiter, vice president, is client contact.

Capital Research and Management Co., Capital International S.A. and Capital International Ltd. are other subsidiaries sharing the same parent, whose assets total $19.248 billion.

Capital Management Corp.

417 Central Trust Tower, Cincinnati, Ohio 45202; (513) 621-7790

Total assets managed	$163,000,000
Tax-exempt assets managed:	
Total	$95,000,000
Fully discretionary	$36,000,000
Minimum separate account	$300,000
Tax-exempt clients	10
Types of accounts managed	CJ
No. of portfolio managers	2

Capital Management Corp., a balanced manager, uses a growth stock equity approach. Equity selection is based on above-average unit growth, a consistent earnings record, competent management, conservative accounting, strong financials and a reasonable P/E ratio.

The asset mix of the tax-exempt assets under management Jan. 1 was 50% stocks, 35% bonds and 15% cash.

The 1984 net gain in new tax-exempt business was $18 million, all in fixed income. One client was added.

Research is 20% internally generated; 80 stocks are followed closely and 450, generally. Richard T. Miller, vice president, is the chief investment officer and client contact.

Capital Management International

9 W. 57th St., New York, N.Y. 10019; (212) 940-8000

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$1,000,000
No. of portfolio managers	4

Capital Management International offers equity, fixed, balanced and international capabilities.

Its equity approach employs low P/E stock, sector rotation, quantitative analysis and market timing. It takes a top-down, active approach, seeking large capitalization stocks.

In fixed income, it uses interest rate anticipation.

Half its research originates in-house; 60 stocks are followed generally.

Rudolf Heinz, executive vice president, is the chief investment officer. Michael Tinteinot, general manager, is the client contact.

Capital Research and Management Co.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9200

Total assets managed	$8,625,000,000
Tax-exempt assets managed:	
Total	$3,950,000,000
Fully discretionary	$1,700,000,000
International assets managed	$60,000,000
Tax-exempt clients	575
Types of accounts managed	CEFG
No. of portfolio managers	10
Size of research staff	45

Capital Research and Management Co., specializing in mutual funds, manages equity, bond, balanced, global, international and money-market accounts.

Its value-oriented equity approach is driven by fundamental research, building fund portfolios from the bottom up.

Based on changes in the interest rate outlook, it will shift the composition of fixed-income portfolios into the most attractive sectors at any time to add meaningfully to client investment results.

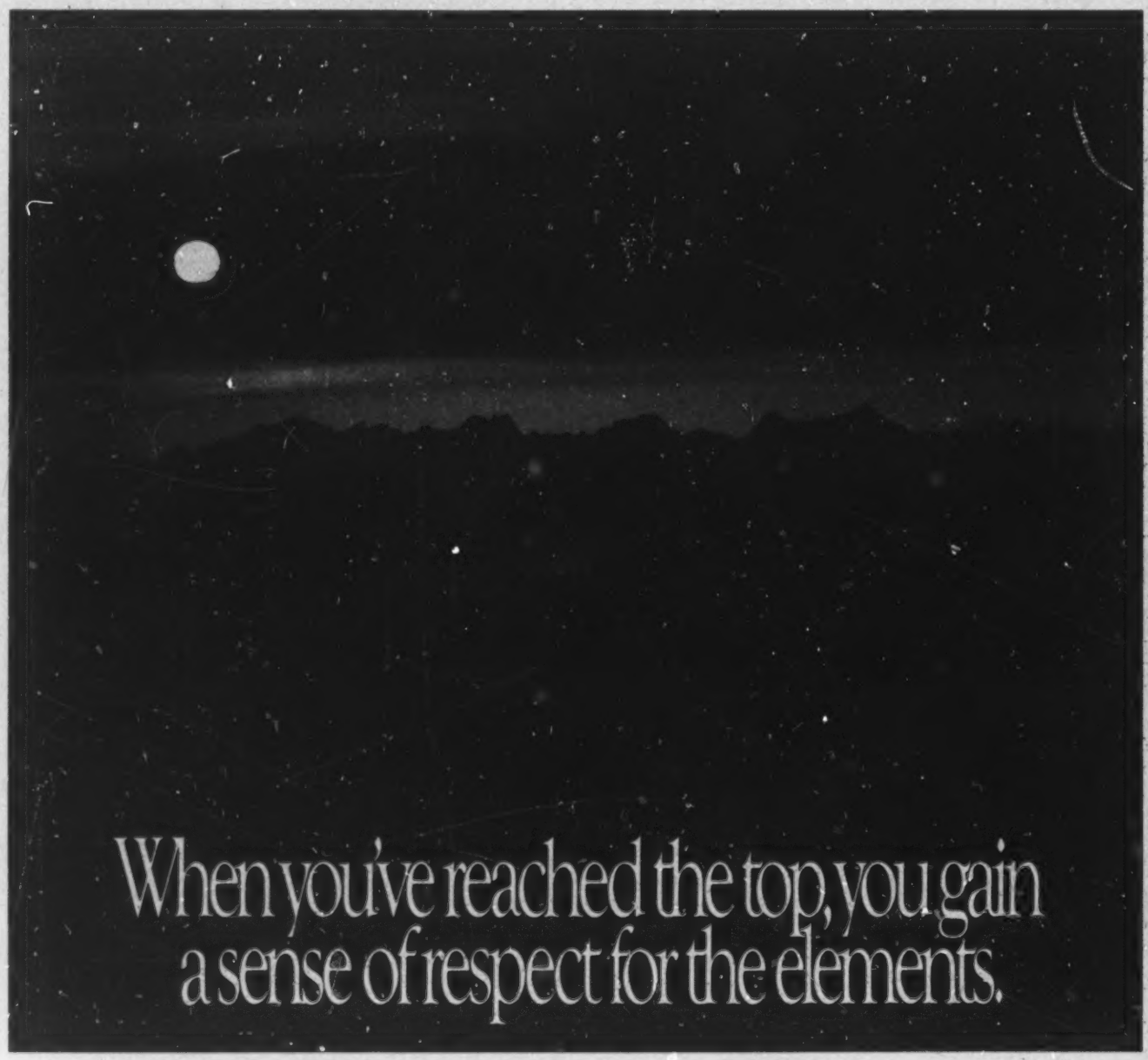
The asset mix Jan. 1 was 61% stocks, 10% bonds and 9% cash; $60 million was in international equities.

In 1984, 180 tax-exempt clients were added.

Chicago Transit Authority, University of Oregon Foundation, American Cyanamid and Chevron are among its clients.

Research is 90% to 95% internally generated; 600 stocks are followed closely and 1,200, generally.

Jon B. Lovelace, chairman of the board, is the chief investment officer. Benjamin H. Shattuck, senior vice president-institutional investment services division, American Funds Dis-



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Funds are managed by IDS/Gartmore based in London, with the IDS Advisory Group in Minneapolis providing administrative and marketing support.

To receive our free Macroeconomic Overview of World Markets and the most recent update on IDS/Gartmore fund performance, contact Cheryl Gruetzmacher, Vice President—IDS Advisory Group, IDS Tower, Minneapolis, MN 55402. Phone 612-372-3079.

IDS

Our view of the world usually differs from most others. Because we stand higher, we see farther out.

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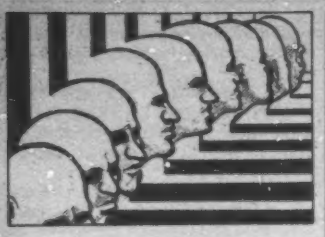

tributors Inc., is the client contact.

The firm belongs to Capital Group, whose assets total $19.3 billion. Capital Guardian Trust also is in the Capital Group.

Capital Supervisors Inc.

20 N. Clark St., Suite 700, Chicago, Ill. 60602; (312) 236-6271

Total assets managed	$3,672,000,000
Tax-exempt assets managed:	
Total	$3,623,000,000
Fully discretionary	$3,581,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	50
Types of accounts managed	CEFG
No. of portfolio managers	7

Capital Supervisors Inc., a balanced, equity and fixed-income manager, views market timing and market-sector selection as the key determinants of consistent performance appropriate for long-lived assets, such as employee benefit and endowment funds.

Combining interest rate anticipation and sector analysis in its fixed-income approach, it actively manages portfolios to achieve total returns in excess of the returns from a buy-and-hold strategy.

The tax-exempt asset mix Jan. 1 was 46% stocks, 46% bonds and 8% cash.

The net gain in new tax-exempt business for 1984 was $18 million: $13 million in equities and $5 million in fixed; five clients were added.

Clients include Chicago Teachers, Kentucky Retirement, Kansas Employees and General Binding.

Half of its research originates in-house; 75 stocks are followed closely and 125 to 150, generally.

Lee Thurow, chairman of the board, is chief investment officer. James C. Seyfarth, senior vice president, is client contact.

Capital Technology Inc.

P.O. Box 2428, Charlotte, N.C. 28211-8240; (704) 541-1437

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	13
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	2

Capital Technology, an equity manager, relies on emerging growth and low P/E to shape its investment approach.

The firm emphasizes selection of small-capitalization, fast-growing, high-value equities, and finding investments at low P/Es. If few are available, assets are kept in cash.

The asset mix Jan. 1 was 90% stocks and 10% cash.

The firm netted $24 million in new tax-exempt business in 1984. Seven tax-exempt clients were added.

E-Systems, Inductotherm Industries, Meadows Foundation and U.S. Gypsum are among its tax-exempt clients.

All research is generated internally; 200 stocks are followed closely and 200, generally.

James D. Nisbet, president, is the chief investment officer. Robb W. Rowe, executive vice president, is the client contact.

Capitol Bank & Trust Co.

1 Bulfinch Place, Boston, Mass. 02114; (617) 723-5300

Total assets managed	$88,000,000
Tax-exempt assets managed:	
Total	$87,000,000
Fully discretionary	$87,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CEFG
No. of portfolio managers	2
Size of research staff	2

Capitol Bank & Trust Co. offers equity, fixed-income, balanced and international capabilities.

Its equity approach, using Graham & Dodd analysis, stresses asset valuation.

Stocks selected benefit from secular trends, e.g. bank, insurance and utility stocks during disinflation and energy, natural resource and technology stocks during inflation.

Its active fixed-income approach emphasizes major maturity, coupon, credit quality and other sector swaps in anticipation of secular changes and makes minor adjustments in anticipation of cyclical changes.

All assets were in separate accounts Jan. 1.

The tax-exempt asset mix was 20% stocks, 75% bonds and 5% cash.

Half its research originates in-house; 20 stocks are followed closely and 60, generally.

G. Peter Grote, vice president and senior trust officer, is the chief investment officer. Virginia O'Brien is the client contact.

Capitoline Investment Services Inc.

919 E. Main St., Richmond, Va. 23219; (804) 782-5694

Total assets managed	$3,151,000,000
Tax-exempt assets managed:	
Total	$1,141,000,000
Fully discretionary	$1,000,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	129
Types of accounts managed	CEFGJ
No. of portfolio managers	13
Size of research staff	5

Capitoline Investment Services Inc., an equity and balanced manager, defines its equity style as opportunistic, meaning it has the ability to change investment focus based on judgments of relative value.

It is an intermediate-term manager in its fixed-income approach, with a 10-year maturity cap. The firm uses sector and quality to structure fixed-income portfolios.

The mix of tax-exempt assets under management Jan. 1 was 55% stocks, 35% bonds and 10% cash.

For 1984, the net gain in new tax-exempt business was $105 million; $50 million in cash (short-term), $39 million in equities and $16 million in fixed income. Nine tax-exempt clients were added.

Among its 129 tax-exempt clients are Amtrak, Mead Corp., Media General and Sweet Briar College.

Research is 40% internally generated; 150 stocks are followed closely and 650, generally. The firm makes limited use of options.

Erwin H. Will Jr., president, is the chief investment officer. R. Gregory Porter III, vice president, is the client contact.

The firm is a wholly owned subsidiary of United Virginia Bank.

Carret and Co. Inc.

122 E. 42nd St., New York, N.Y. 10168; (212) 697-9340

Total assets managed	$146,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$60,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	14
Types of accounts managed	CF
No. of portfolio managers	6

Carret and Co. is an equity manager concentrating on value in its equity approach, with a conservative exposure to small and medium-sized companies.

Primary emphasis is on the balance sheet and patience is a key factor, along with low beta.

The mix of tax-exempt assets Jan. 1 was 93% stocks, 1% bonds and 6% cash.

Handy & Harman, E. Gould Foundation, Telautograph and Greif Brothers are some of the firm's 14 tax-exempt clients.

Research is 90% in-house; 500 stocks are followed closely and 1,000, generally.

Gerard O. Carret, executive vice president, is the chief investment officer.

Donald Carret, executive vice president, is the client contact.

Cashman, Farrell and Associates

1285 Drummers Lane, Wayne, Pa. 19087; (215) 688-5900

Total assets managed	$670,000,000
Tax-exempt assets managed:	
Total	$670,000,000
Fully discretionary	$670,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	14
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

Cashman, Farrell and Associates, an equity manager, follows a contrarian style investing in low P/E stocks that have had a significant price decline followed by a period of stability, and a low level of sponsorship. A strict sell discipline is followed.

The mix of tax-exempt assets Jan. 1 was 70% stocks and 30% cash.

In 1984, the firm netted $175 million in new tax-exempt business. Four tax-exempt clients were added.

Rockwell International, Boeing, Pacific Gas & Electric and GTE are among the firm's tax-exempt clients.

Research is 80% in-house; 75 stocks are followed closely and 125, generally.

Gerald T. Hoffman is the client contact.

Catanzarite Investment Advisors

10358 Artesia Blvd., Bellflower, Calif. 90706; (213) 920-9771

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$9,000,000
Fully discretionary	$9,000,000
Real estate assets managed	$2,000,000
Minimum separate account	$50,000
Tax-exempt clients	45
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	1

Catanzarite Investment Advisors is a balanced manager whose equity approach stresses intrinsic value. Common stock selection is based upon a company's intrinsic value, which focuses on dividends and rate of earnings growth. This value combined with a low P/E, high-dividend yield, provides over- and undervalued selection criteria.

Interest rate anticipation underlies the firm's fixed-income approach. Short-term government notes and certificates of deposit are used with no maturities longer than five years.

Bryant R. Manley, vice president and portfolio manager, is the chief investment officer and client contact.

CB International Investments Ltd.

100 Wall St., New York, N.Y. 10005; (212) 248-0100

Total assets managed	$700,000,000
Tax-exempt assets managed:	
Total	$580,000,000
Fully discretionary	$580,000,000
International assets managed	$18,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	79
Types of accounts managed	C
No. of portfolio managers	8

CB International Investments Ltd., an international manager, combines market timing with Graham & Dodd analysis in a disciplined, value-oriented equity approach that emphasizes intermarket valuation and portfolio construction within a quantitative framework.

The mix of tax-exempt assets Jan. 1 was 90% stocks, 8% bonds and 2% cash.

In 1984, the firm netted $500 million in new tax-exempt business and added 12 clients.

Sixty percent of the research is generated internally; CB International follows 200 stocks closely and 260, generally.

Alan Albert, managing director (London), is the chief investment officer; Thomas Marshall, senior vice president (New York), is the client contact.

CB International is a wholly owned subsidiary of County Bank, a merchant bank of the National Westminster Bank Group. Assets under management by the parent company and all subsidiaries total $7 billion.

Cedarpoint Capital Management Inc.

112 E. 64th St., New York, N.Y. 10021; (212) 750-6040

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$68,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	4
Types of accounts managed	EF
No. of portfolio managers	1
Size of research staff	1

Cedarpoint Capital Management Inc. is an equity manager using the disciplines of MPT and Graham & Dodd analysis in its investment approach. It researches and selects equities, including mutual funds, whose values and returns are commensurate with their risks.

Although its fixed-income approach depends somewhat on interest rate anticipation and sector analysis, it relies primarily on several models that indicate shifts in the yield curve and mispriced bonds or sectors.

Loren D. Ross, president, is the chief investment officer; Gail Marshak is the client contact.

Centerre Trust Co. of St. Louis

510 Locust St., St. Louis, Mo. 63101; (314) 231-9300

Total assets managed	$5,888,500,000
Tax-exempt assets managed:	
Total	$2,351,000,000
Fully discretionary	$1,838,000,000
International assets managed	$42,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	176
Separate	152
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	7

Centerre Trust Co. of St. Louis offers equity, fixed, balanced and international capabilities.

The basic equity valuation is a qualitative system incorporating investment research and analyst ratings. It encourages an active portfolio management approach based on that valuation.

Its primary fixed-income strategy is interest rate anticipation, but its bias is toward short-term securities. Its tactics include credit, sector, market and new development analysis.

Of the tax-exempt assets managed Jan. 1, $347 million was in commingled and $2 billion in separate accounts. The asset mix was 55% stocks, 40% bonds and 5% cash.

Clients include Union Electric, Olin, General Dynamics and Squibb.

Research is 60% internally generated; 300 stocks are followed closely and 500, generally. Options are used.

James D. Wright, senior vice president, is senior and chief investment officer. Rollin C. Woltjen, vice president and director-employee benefit marketing, is the client contact.

Central National Bank

800 Superior Ave., Cleveland, Ohio 44114; (216) 344-5041

Total assets managed	$4,265,000,000
Tax-exempt assets managed:	
Total	$3,435,000,000
Fully discretionary	$855,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	139
Separate	315
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	3

Central National Bank offers equity, fixed-income and balanced capabilities.

Its equity approach identifies intrinsic value in investment-grade securities. It utilizes disciplined techniques to assess both a company's fundamentals and the timing of its buy/sell decisions.

Its fixed-income approach is structured to meet the projected liability stream of a specific portfolio and is modified by its outlook for interest rates. Active sector swapping techniques maximize returns.

Of the tax-exempt assets managed Jan. 1, $163 million was in commingled and $3.272 billion in separate accounts.

The asset mix was 50% stocks, 34% bonds, 10% cash, 5% equity real-estate and 1% mortgages.

Clients include Ameritech, Ohio Carpenters, Ohio Workers Compensation and Parker Hannifin.

Research is 15% internally generated; 126 stocks are followed closely and 176, generally.

Denis J. Amato, vice president, is chief investment officer. James P. Foster, vice president, is client contact.

Richland Trust Co. is a subsidiary. The total assets under management include subsidiary banks.

Centurion Capital Management Co. Inc.

800 Bloomfield, P.O. Box 570, Nutley, N.J. 07110; (201) 667-4333

Total assets managed	$338,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$4,000,000
Minimum separate account	$100,000
Tax-exempt clients	11
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	2

Centurion Capital Management Co. Inc., a balanced manager, believes optimum equity results can be achieved by concentration in a select number of industries. Using sector rotation, it complements its buy/sell decisions with a sensible market timing strategy.

With a passive fixed-income approach, it limits its risk by investing only in direct obligations of the U.S. Treasury. The maturing schedule is equally weighted by maturity and limited to a maximum of five years.

David J. Olmsted, president, is chief investment officer and client contact.

The Chapman Co.

Sixth Floor, Dows Bldg., Cedar Rapids, Iowa 52401; (319) 366-8408

Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$17,000,000
Fully discretionary	$17,000,000
Minimum separate account	$300,000
Tax-exempt clients	32
Types of accounts managed	C
No. of portfolio managers	3

The Chapman Co. is an equity manager combining growth stock, low P/E, sector rotation and market timing in its investment approach. It links the asset allocation to the market cycle using large-capitalization listed issues showing positive relative strength. It uses a top-down, bottom-up combination in making its selection.

Chapman's fixed-income approach uses maturity management with a five-year maximum, six-month minimum, buying U.S. government securities only.

John H. Chapman Jr., president, is the chief investment officer and client contact.

Charleston National Bank

P.O. Box 1113, Charleston, W. Va. 25324; (304) 348-4482

Total assets managed	$371,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Fully discretionary	$40,000,000
Real estate assets managed	$2,000,000
Minimum separate account	$200,000
Types of accounts managed	CEFJ
No. of portfolio managers	2

Charleston National Bank offers equity, fixed and balanced capabilities.

Its general equity approach seeks stocks with consistent annual earnings and dividend gains. It also uses the low P/E approach through another source, plus a few emerging growth stocks with sales over $50 million.

Its fixed-income objective is a staggered two- to 10-year maturity range portfolio of AA or better, but focusing on the two- to seven-year range, through U.S. government issues. Interest rates are anticipated.

Of the tax-exempt assets managed Jan. 1, $2 million was in commingled and $36 million in separate accounts.

The asset mix was 40% stocks, 40% bonds, 18% cash and 5% mortgages.

The bank follows 30 stocks closely

and 120, generally.

Asa W. Fuller Jr., senior vice president and trust investment officer, is the chief investment officer. Wendell C. Hatch, trust new business officer, is the client contact.

Chase Investment Counsel Corp.

300 Preston Ave., Suite 403, Charlottesville, Va. 22901; (804) 293-9104

Total assets managed	$215,000,000
Tax-exempt assets managed:	
Total	$175,000,000
Fully discretionary	$175,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	19
Types of accounts managed	CPJ
No. of portfolio managers	3

Chase Investment Counsel Corp. is a balanced manager whose equity approach stresses low P/E stocks. It uses undervalued, lower-multiple stocks, generally with good continuity of growth. The firm usually avoids — or maintains only moderate positions — in the popular, high-multiple "glamour stocks."

Interest rate anticipation guides the fixed-income strategy, which typically emphasizes high-quality, short- to intermediate-term bonds.

On Jan. 1 the mix of the tax-exempt assets was 57% stocks, 25% bonds and 18% cash.

The firm netted $55 million in new tax-exempt business for 1984: $30 million in equities and $25 million in fixed income.

Derwood S. Chase Jr., president, is the chief investment officer and client contact.

Chase Investors Management Corp.

1211 Ave. of the Americas, New York, N.Y. 10036; (212) 730-2967

Total assets managed	$16,000,000,000
Tax-exempt assets managed:	
Total	$13,000,000,000
Fully discretionary	$13,000,000,000
Real estate assets managed	$1,100,000,000
International assets managed	$300,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	225
Types of accounts managed	CEPGJ
No. of portfolio managers	35
Size of research staff	4

Chase Investors Management Corp. handles equity, fixed-income, balanced, real estate, international, futures, oil and gas and index fund accounts.

The firm mixes passive (index), growth stock, emerging growth, low P/E, sector rotation and Graham & Dodd analysis in its equity approach to identify opportunities through fundamental analysis and anticipation of change.

Combining passive, interest rate anticipation and sector analysis, its fixed-income approach emphasizes total return management using the full range of investment vehicles and quantitatively based management techniques.

In its real estate approach, the firm is devoted to development of large, well-balanced, diversified portfolios with investment selectivity, long-term investment performance and maximization of investment returns as primary objectives.

Jan. 1, the tax-exempt asset mix was 63.5% stocks, 20% bonds, 8% cash and 8.5% equity real estate. International investments were $150 million in stocks and $50 million in bonds.

The net gain in new tax-exempt business for 1984 was $1.5 billion. International investments accounted for $750 million, equities for $425 million, fixed income for $300 million and real estate for $50 million of the gain. Twelve tax-exempt clients were added.

General Motors, AT&T, General Foods and Caterpillar Tractor are among the firm's 225 tax-exempt clients.

Research is 20% in-house; 300 stocks are followed closely and 300, generally. Options, stock index futures and fixed-income futures are used.

Stephen E. Canler, president, is the chief investment officer. Michael E. Fisher, senior vice president, is the client contact.

Chase Investors Management Corp. is owned 100% by Chase Manhattan Corp. Assets under management by the parent company and all subsidiaries total $25 billion.

Chemical Bank — Capital Markets

277 Park Ave., New York, N.Y. 10172; (212) 310-4504

Total assets managed	$2,300,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$10,000,000
No. of portfolio managers	3

Chemical Bank Capital Markets is a fixed-income manager specializing in short-term money market instruments. It actively manages liquidity portfolios for yield maximization. The approach applies to the reserve portion of pension fund assets. Interest rate anticipation is used.

Morgan B. Stark, managing director, is the chief investment officer.

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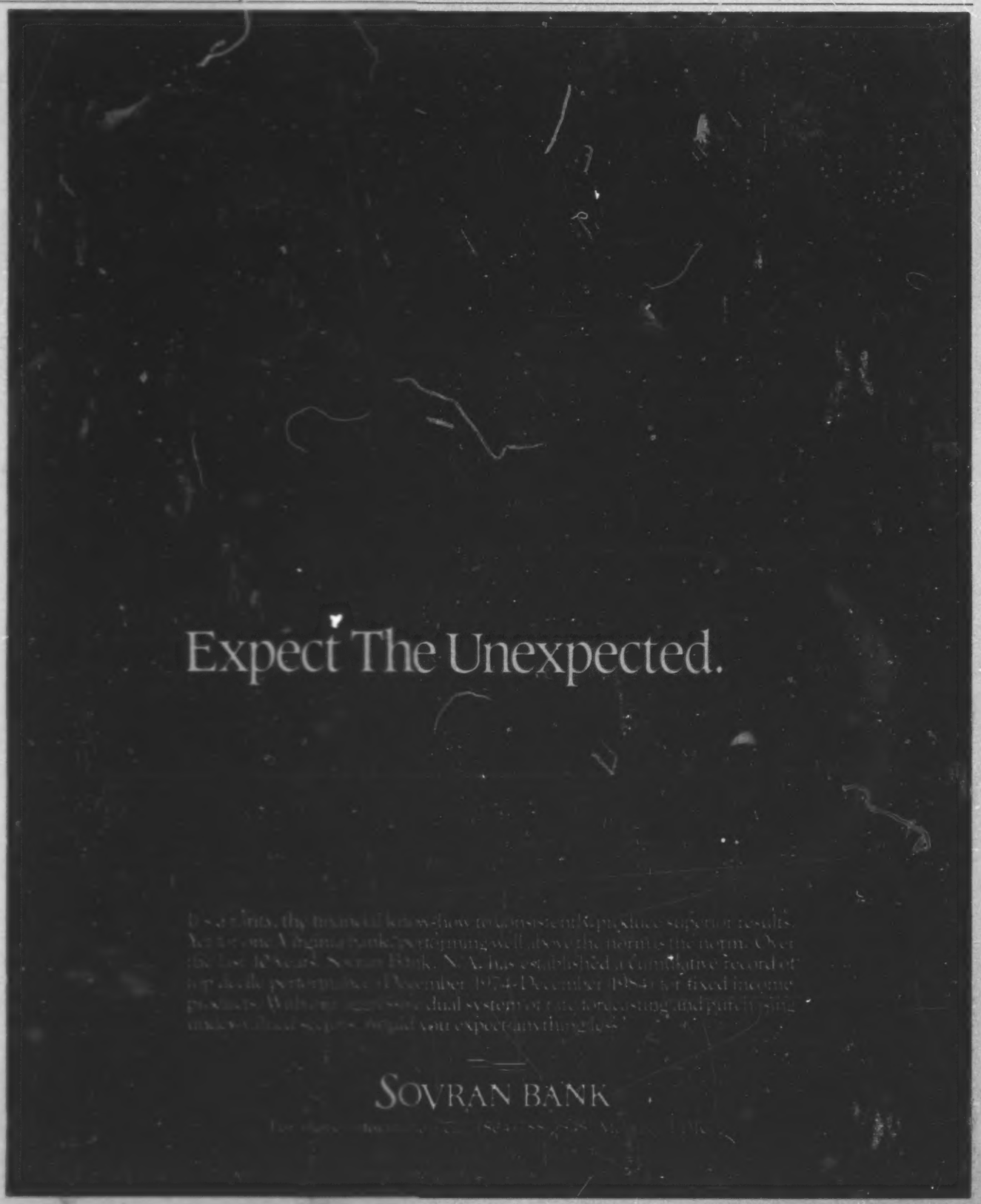
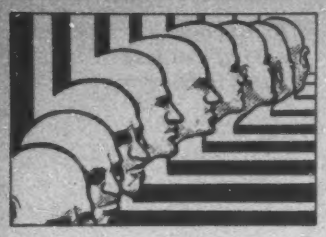




Matthew R. Cody, vice president, is the client contact.

Cheswick, Gillespie & Co. Inc.

80 Field Point Road, Greenwich, Conn.; Box 2220; (203) 629-2800

Total assets managed	$450,000,000
Tax-exempt assets managed:	
Total	$250,000,000
Minimum separate account	$1,000,000
No. of portfolio managers	3

Cheswick Gillespie & Co. Inc. handles equity, fixed-income and balanced accounts.

It purchases high quality growth stock.

For fixed income, it uses a strategy of interest rate anticipation.

Half its research originates in-house; 50 stocks are followed closely and 200, generally.

Richard R. Cheswick, Thomas H. Gillespie Jr. and Blake W. Robinson are the three partners.

The Chicago Corp.

208 S. LaSalle St., Chicago, Ill. 60604; (312) 855-5985

Total assets managed	$380,000,000
Tax-exempt assets managed:	
Total	$330,000,000
Fully discretionary	$330,000,000
Minimum separate account	$500,000
Tax-exempt clients	46
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	3

The Chicago Corp. handles equity, fixed-income and balanced accounts.

Its equity approach accents growth stock. The firm chooses stocks with consistent earnings growth of at least 5% a year for a six-year period and that, when bought, are doing even better.

Interest rate anticipation is the basis of its fixed-income approach. It manages the maturity schedule of a very liquid, high-grade fixed-income portfolio ranging from less than one year to 20 years based on the interest rate outlook.

The asset mix Jan. 1 was 40% stocks, 50% bonds and 10% cash.

The firm netted $135.8 million in new tax-exempt business in 1984; $123.8 million in fixed income and $12 million in equities. Twelve clients were added.

Jon T. Ender, senior vice president, is the chief investment officer. Charles R. Klimkowski, vice president, is the client contact.

Chicago Title & Trust Co.

111 W. Washington St., Chicago, Ill. 60602; (312) 630-3343

Total assets managed	$2,161,000,000
Tax-exempt assets managed:	
Total	$685,000,000
Fully discretionary	$400,000,000
Real estate assets managed	$10,000,000
International assets managed	$40,000,000
Minimum separate account	$2,000,000
Tax-exempt clients:	
Commingled	68
Separate	95
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	6

Chicago Title & Trust Co., an equity, fixed and balanced manager, takes a value approach to stock and bond investment.

For equity, it employs Graham & Dodd analysis. Its fixed-income approach is active.

Of the tax-exempt assets managed on Jan. 1, $160 million was in commingled and $525 million in separate accounts.

The asset mix was 50% stocks, 39% bonds, 10% cash and 1% mortgage-backed securities.

Clients include Interlocal Pension, United Way, American Bar/Illinois Bar and SEIU Local 25.

Research is 65% internally generated; 150 stocks are followed closely and 300, generally.

Charles G. Rammelt, vice president, is chief investment officer. Robert Krogman, vice president, is client contact.

Churchill Management Corp.

5900 Wilshire Blvd., Suite 600, Los Angeles, Calif. 90036; (213) 937-7110

Total assets managed	$115,000,000
Tax-exempt assets managed:	
Total	$68,000,000
Fully discretionary	$68,000,000
Real estate assets managed	$8,300,000
Minimum separate account	$2,000,000
Tax-exempt clients	57
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	4

Churchill Management Corp., a balanced manager, combines growth stock and market timing in its equity approach. It invests in stocks with evidence of undervaluation, accumulation and future sales and earnings growth, and holds them as long-term investors during the companies' major growth phase.

Its fixed-income approach is passive.

The firm uses real estate limited partnerships as low-risk vehicles for balance.

Fred A. Fern, president, is chief investment officer; Steve R. Mann, director of client services, is client contact.

CIGNA Corp.

950 Cottage Grove Road, Hartford, Conn. 06152; (203) 726-3153

Total assets managed	$34,800,000,000
Tax-exempt assets managed:	
Total	$16,200,000,000
Fully discretionary	$15,700,000,000
International assets managed	$54,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Pooled	3,252
Individual separate	52
GICs	300
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	16

CIGNA offers equity, fixed-income, balanced, real estate and international capabilities.

For core equity accounts, CIGNA follows a bottom-up approach with heavy emphasis on individual stock valuation. It uses a systematic and rigorous valuation system that selects stocks offering above-average returns based on an analysis of a company's earning power and intrinsic value.

Its fixed-income philosophy places primary emphasis on cyclical interest rate anticipation based on fundamental analysis of economic and business cycle trends.

For real estate, CIGNA uses a disciplined system approach employing top-down portfolio management with concentration in smaller properties outside major metropolitan centers.

Of the tax-exempt assets under management Jan. 1, $3.3 billion was in pooled separate accounts and $2.4 billion in individual separate accounts. The asset mix for those accounts was stocks, 30.7%; bonds, 35.9%; cash, 19.6%; and equity real estate, 13.8%.

GICs account for $400 million.

Tax-exempt clients include United Technologies, Connecticut, United Methodist Church and United Airlines.

John K. Armstrong, executive vice president, is the chief investment officer; Thomas R. John, vice president-sales and Stephen H. Matheson Sr., senior vice president-sales, are the client contacts.

Its subsidiaries include CIGNA Capital Advisers, CIGNA Investment Management Co. and Connecticut General Life Insurance Co.

CIMG Inc.

P.O.Box 17500, Milwaukee, Wis. 53081; (414) 241-4575

Total assets managed	$135,000,000
Tax-exempt assets managed:	
Total	$56,000,000
Fully discretionary	$45,000,000
Minimum separate account	$500,000
Tax-exempt clients	9
Types of accounts managed	C
No. of portfolio managers	3

CIMG Inc., a balanced manager, bases its equity approach on growth stock, concentrating on equities and market sectors with accelerating earnings and sales fundamentals. It emphasizes attractive market sectors vs. market diversification.

CIMG's fixed-income approach uses interest rate anticipation driven by the momentum of monetary, economic and market variables. It uses primarily U.S. government and agency securities.

The asset mix Jan. 1 was 39% stocks, 50% bonds and 11% GICs.

Last year, the firm netted $17.5 million in new tax-exempt business: $13.1 million in equities and $4.4 million in fixed income. Six tax-exempt clients were added.

One-fourth of its research is in-house; 100 stocks are followed closely and 150, generally.

Louis T. Chambers, president, is the chief investment officer; Lyle F. Warnock, executive vice president, is the client contact.

Citicorp Investment Management

153 E. 53rd St., New York, N.Y. 10014; (212) 559-9700

Total assets managed	$25,000,000,000
Tax-exempt assets managed:	
Total	$21,500,000,000
Fully discretionary	$12,000,000,000
Real estate assets managed	$730,000,000
International assets managed	$390,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	504
Types of accounts managed	CEFGJ
No. of portfolio managers	31
Size of research staff	26

Citicorp Investment Management offers equity, fixed-income, balanced, real estate, international and venture capital capabilities.

Its equity approach is growth-stock oriented with emphasis on earnings and dividend momentum. It focuses on identification of changes that drive investment trends, with active management of asset, sector and industry allocation.

For fixed income, interest rate judgments are the basis for active maturity decisions; incremental return is added by evaluation of price differentials between sectors and individual securities. The approach is achieved through a broad spectrum of specialized market disciplines defined by maturity ranges, quality ratings and specialized security types such as convertibles and high yielding emerging industrial growth company debt.

In real estate, emphasis is placed on acquiring prime income-producing properties in major cities and major secondary metropolitan areas with investments structured as direct equity ownerships, including partnerships, in addition to participating mortgages and other debt instruments.

The mix of tax-exempt assets Jan. 1 was 38% stocks, 45% bonds, 12% cash, 2% equity real estate, 1% mortgages and 2% international.

The firm generates 75% of its research internally. It follows 650 stocks closely and 900, generally.

Clients include AT&T, GTE, United Technology and Tennessee Valley Authority.

Robert G. Wade Jr. is the chief investment officer. W. Craig Bennett, vice president, is the client contact. The client contact for the South and West regional offices is Robert C. Davis, in Houston, at (713) 654-2980.

Citizens & Southern Investment Counseling

P.O. Box 4114, Atlanta, Ga. 30300; (404) 897-3303

Total assets managed	$2,941,000,000
Tax-exempt assets managed:	
Total	$1,940,000,000
Fully discretionary	$1,940,000,000
Real estate assets managed	$5,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	225
Separate	307
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	6

Citizens & Southern Investment offers equity, fixed-income, balanced, real estate and international capabilities.

The firm's equity selection process is fundamentally based and earnings-driven. It screens a universe of 1,000 stocks with a combination of the lowest current price-to-forecast earnings, positive quarterly earnings momentum and recent quarterly earnings greater than Wall Street expectations.

The fixed-income style can be described as core plus trading. The core position is an actively managed diversified position of the fixed-income assets designed to capture returns available from longer-term interest rate cycles and sector spread changes.

Of the tax-exempt assets Jan. 1, $125 million was in commingled and $1.815 billion in separate accounts.

The asset mix Jan. 1 was 50% stocks, 45% bonds and 5% cash.

Clients include BellSouth, Georgia Teachers and Salvation Army.

The bank generates 60% of its research internally; 250 stocks are followed closely and 1,000, generally. Options and stock index and fixed-income futures are used.

Ben L. Jones, senior vice president, is the client contact.

Citizens & Southern Investment Counseling is a division of Citizens & Southern Bank.

Citizens Fidelity Bank & Trust Co.

Citizens Plaza, Louisville, Ky. 40296; (502) 581-2230

Total assets managed	$1,700,000,000
Tax-exempt assets managed:	
Total	$450,000,000
Fully discretionary	$375,000,000
Tax-exempt clients:	
Commingled	250
Separate	225
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	4

Citizens Fidelity Bank & Trust Co. offers equity, fixed and balanced capabilities.

For equity, it employs sector rotation. It uses sector analysis in fixed income, buying intermediate-term bonds.

Of the total tax-exempt assets Jan. 1, $50 million were in commingled and $400 million in separate accounts.

The asset mix was 40% stocks, 50% bonds and 10% cash.

Ronald J. Murphy, vice president, is the chief investment officer. James P. Johannsen, vice president, is the client contact.

City National Bank of Miami

25 W. Flagler St., Miami, Fla. 33130; (305) 577-7393

Total assets managed	$260,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$25,000,000
Real estate assets managed	$1,500,000
Minimum separate account	$250,000
Tax-exempt clients	4
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

City National Bank of Miami offers equity, fixed and balanced capabilities.

The bank uses fundamental and technical measurements to identify quality equities that reflect above-average quarter-to-quarter sales and earnings gains. Sector rotation and market timing are used.

In fixed income, rather than making a permanent investment in a poor market, it will sit on the sidelines or choose an alternative to a fixed-income investment as a temporary parking lot. Interest rate anticipation is used.

Richard A. Dorn, vice president and senior trust investment officer, is chief investment officer and client contact.

Citytrust

961 Main St., Bridgeport, Conn. 06601; (203) 384-5538

Total assets managed	$1,100,000,000
Tax-exempt assets managed:	
Total	$350,000,000
Fully discretionary	$325,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	350
Separate	3
Types of accounts managed	CFGJ
No. of portfolio managers	5

Citytrust offers equity, fixed and balanced capabilities.

Graham & Dodd analysis is used for equity management. Interest rate anticipation is used for fixed.

Of the tax-exempt assets managed Jan. 1, $230 million was in commingled and $20 million in separate accounts.

The asset mix was 50% stocks, 40% bonds and 10% cash.

Roger Perry, vice president, is the chief investment officer. Les Revzon, vice president, is the client contact.

Clifford Associates Inc.

301 E. Colorado Blvd. #510, Pasadena, Calif. 91101; (818) 792-2228

Total assets managed	$51,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$3,000,000
Tax-exempt clients	3
Types of accounts managed	EF
No. of portfolio managers	3
Size of research staff	3

Clifford Associates Inc., a balanced manager, buys quality issues at the outset and sells only if quality diminishes or the stock becomes grossly overpriced.

The asset mix Jan. 1 was 70% stocks, 25% bonds and 5% cash.

All research originates in-house; 60 stocks are followed closely and 90, generally.

A.M. Clifford II is the chief investment officer and client contact.

Clutinger, Williams & Verhoye Inc.

1200 Third Ave., San Diego, Calif. 92101; (619) 231-2701

Total assets managed	$65,000,000
Tax-exempt assets managed:	
Total	$44,000,000
Real estate assets managed	$500,000
Minimum separate account	$200,000
Tax-exempt clients	54
Types of accounts managed	CF
No. of portfolio managers	3

Clutinger, Williams & Verhoye Inc., a balanced manager, uses low P/E, sector rotation and Graham & Dodd analysis in its equity approach. For fixed-income investments, it relies on interest rate anticipation.

The asset mix Jan. 1 was 70% stocks, 27% bonds and 3% cash.

The net gain in new tax-exempt business for 1984 was $3.5 million: $2.75 million in equities and $750,000 in fixed; six clients were added.

More than 90% of the research originates in-house; 30 stocks are followed closely and 70 to 80, generally. The firm makes limited use of options.

Thomas H. Clutinger, Louis E. Williams Jr. and Karl E. Verhoye are the chief investment officers and client contacts.

CMB Investment Counselors

1880 Century Park East #500, Los Angeles, Calif. 90067; (213) 557-1500

Total assets managed	$2,939,000,000
Tax-exempt assets managed:	
Total	$2,412,000,000
Fully discretionary	$1,913,000,000
Real estate assets managed	$738,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	23
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	5

CMB Investment Counselors handles equity, fixed-income and balanced accounts.

For equity investments, it concentrates on sectors and securities with the best relative value.

Seven percent of its fixed-income portfolio is in an undervalued core, with the balance used for interest rate anticipation.

The asset mix Jan. 1 was 19% stocks, 46% bonds, 5% cash and 30% mortgage-backed securities.

Clients include Standard Oil (Indiana), J. Paul Getty Trust, Pacific Telesis and Los Angeles County.

Research is 15% internally generated; 50 stocks are followed closely and 100, generally.

Anthony H. Browne, president, is chief investment officer; Peer Ghent, vice president, is client contact.

CMB is owned by First Bank System of Minneapolis.

CM&M Asset Management Co.

1613 Spruce St., Philadelphia, Pa. 19103; (215) 546-8220

Total assets managed	$295,000,000
Tax-exempt assets managed:	
Total	$278,000,000
Fully discretionary	$278,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	13
Types of accounts managed	CFG
No. of portfolio managers	2
Size of research staff	2

CM&M Asset Management Co. is a fixed-income manager relying on interest rate anticipation in its investment approach. It focuses on total return management with a heavy emphasis on capital preservation.

The asset mix as of Jan. 1 was 40% bonds and 60% cash.

Last year, the firm netted $165 million in new tax-exempt business in fixed. Four tax-exempt clients were added.

Its 13 tax-exempt clients include Tenneco, United Mine Workers of America, United Presbyterian Church and AMAX.

Lucy H. Hunt, president, is the chief investment officer; Richard Allison, senior vice president, is the client contact.

Marine Midland Banks Inc. owns 65% of CM&M.

Cockfield Cooper Cunningham

20 Victoria St., Toronto, Ontario M5C 2N8; (416) 366-2253

Total assets managed	$270,000,000
Tax-exempt assets managed:	
Total	$256,000,000
Fully discretionary	$255,000,000
U.S. assets managed	$1,000,000
Real estate assets managed	$30,000,000
International assets managed	$2,000,000
Minimum separate account	$2,500,000
Tax-exempt clients	15
Types of accounts managed	CFGU
No. of portfolio managers	4
Size of research staff	4

Cockfield Cooper Cunningham, a Canadian firm, has equity, fixed-income, balanced and mortgage capabilities.

Its equity approach is based on emerging growth and low P/E stocks and sector rotation.

Interest rate anticipation and sector analysis are used in fixed income.

The asset mix Jan. 1 was 55% Canadian stocks, 12% bonds, 15% cash, 8% mortgages and 10% U.S. stocks.

Half its research is generated internally; 300 stocks are followed closely and 500, generally.

One client is a pension fund of a subsidiary of a U.S. firm.

David M. Cockfield is the chief investment officer; Andrew T. Griffith is the client contact.

Coldwell Banker Capital Management Services

533 Fremont, Los Angeles, Calif. 90071; (213) 613-3491

Total assets managed	$700,000,000
Tax-exempt assets managed:	
Total	$700,000,000
Fully discretionary	$580,000,000
Real estate assets managed	$700,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	35
Types of accounts managed	CEFGJ

Coldwell Banker Capital Management Services is a real estate manager with all $700 million tax-exempt assets under management in real estate equity.

The productivity of invested capital is the key investment consideration. The firm's goal is to earn high current income and protect against surprise inflation. It currently invests in office and high-quality industrial properties in targeted cities and up to 30% in low-risk development.

Among the firm's 35 tax-exempt clients are American Telephone and Telegraph, San Francisco, Trans World Airlines and Honeywell.

As a real estate manager, the firm, which is owned by Sears, Roebuck & Co., has no portfolio managers or security analysts.

Reid Samuelson, president, is chief investment officer. James G. Nugent, senior vice president, is the client contact at (212) 207-6122.

Cole, Yeager & Wood Inc.

630 Fifth Ave., New York, N.Y. 10111; (212) 765-5350

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$800,000,000
Fully discretionary	$800,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	21
Types of accounts managed	CEF
No. of portfolio managers	4

Equity manager Cole, Yeager & Wood bases its investment approach on growth stock. The firm invests in companies — both large and small — that have achieved dominant positions in growth markets.

On Jan. 1, the mix of tax-exempt assets was 96% stocks and 4% cash.

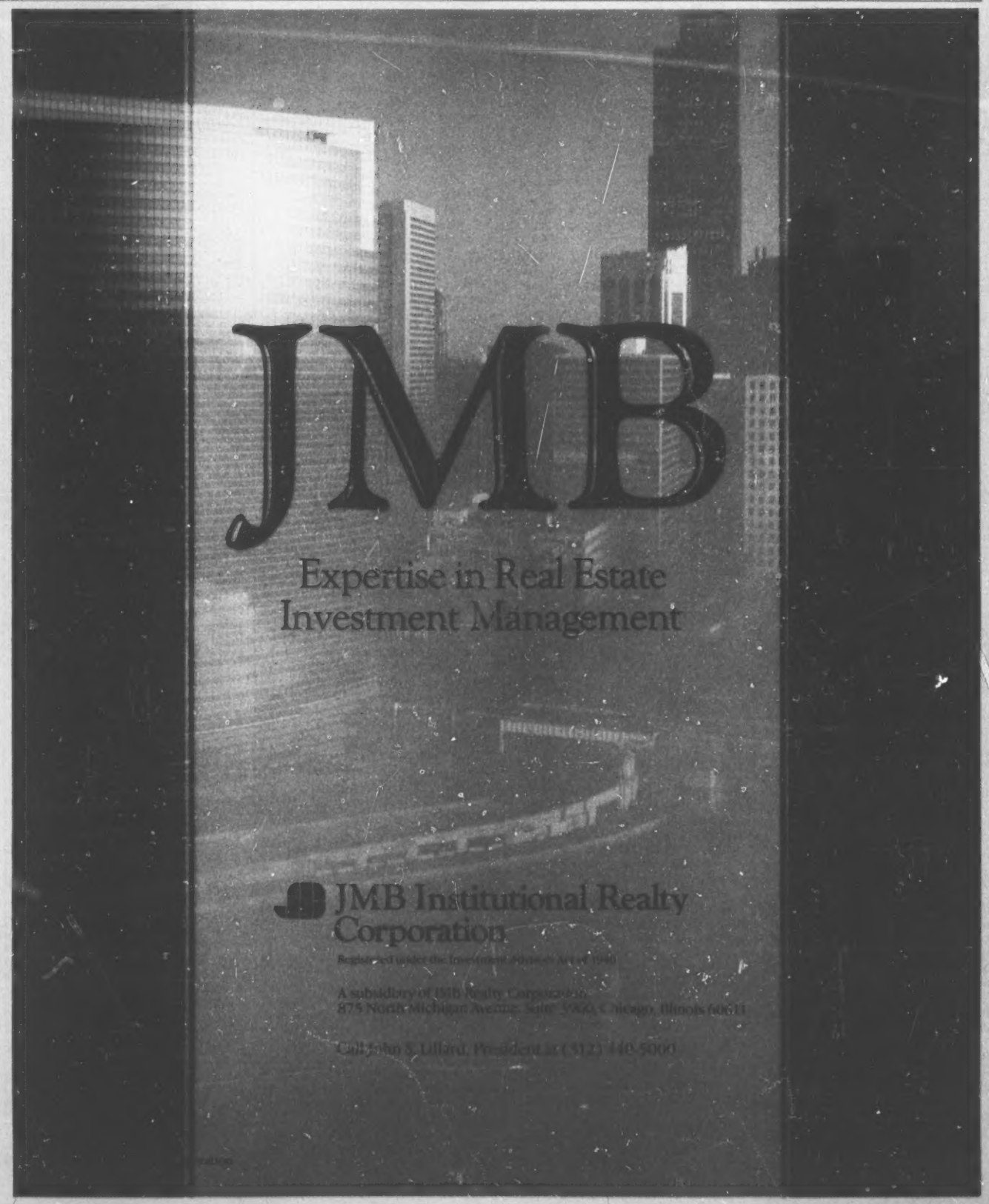
Last year, the firm netted $16 million in new tax-exempt business; one

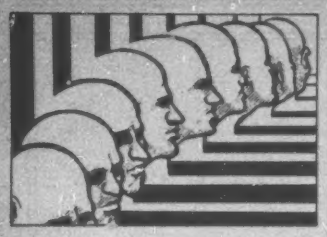
Discount Corporation of New York Advisers

Institutional Fixed Income
Asset Management

A Wholly Owned
Subsidiary of
Discount Corporation
of New York

58 Pine Street
New York, N.Y. 10005
212-248-8989
WU 125675





client was added.

Its 21 tax-exempt clients include Cincinnati Bell, Corning Glass Works, IBM and General Public Utilities.

Eighty percent of research is generated internally; 100 stocks are followed closely and 150, generally.

B. Robert Wood, executive vice president, is the chief investment officer. George M. Yeager, president, is the client contact.

Colorado National Bank

P.O. Box 5168 T.A., Denver, Colo. 80222; (303) 892-4126

Total assets managed	$615,000,000
Tax-exempt assets managed:	
Total	$155,000,000
International assets managed	$2,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	380
Separate	15
Types of accounts managed	CEPGJ
No. of portfolio managers	10

Colorado National Bank offers equity, fixed, balanced, real estate and international capabilities, the last two provided by outside managers.

Its risk-averse equity style seeks to add value by identifying extremes within an overview of value investing.

Its active fixed-income management tries to capture sector extremes.

Of the total tax-exempt assets Jan. 1, $105 million was in commingled and $50 million in separate accounts.

The asset mix was 55% stocks, 35% bonds and 10% cash.

The bank follows 75 to 80 stocks closely and 800, generally.

Robert J. Alder, vice president, is chief investment officer and client contact.

Columbia Management Co.

1300 S.W. Sixth Ave., P.O. Box 1350, Portland, Ore. 97222; (503) 222-3600

Total assets managed	$3,239,000,000
Tax-exempt assets managed:	
Total	$2,523,000,000
Fully discretionary	$2,523,000,000
Real estate assets managed	$273,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	56
Types of accounts managed	CEFGJ
No. of portfolio managers	10

Columbia Management Co. manages equity, fixed-income and balanced accounts.

It employs a top-down approach to equity to identify value by projected cyclical and secular changes in the investment environment.

Fixed income is actively managed with a mortgage pass-through core position of 30% to 60%. Spread analysis is the basis for the trade-off between Treasuries and corporates for the remainder of portfolio. It buys fixed securities with intermediate maturities of four to 15 years.

The asset mix Jan. 1 was 46% stocks, 39.2% bonds, 10.8% mortgage-backed securities and 4% cash.

The net gain in new tax-exempt business was $236 million for 1984: $164 million in balanced accounts; $52 million in fixed; and $20 million in equities. Seven tax-exempt clients were added.

Bechtel Power, Washington and Operating Engineers Local #302 & #612 are among its clients.

Research is 25% internally generated; 250 to 300 stocks are followed closely and 1,200, generally.

James R. Rippey, president, is the chief investment officer. Chad L. Fleischman and John A. Kemp are the client contacts.

Comerica Bank — Detroit

Detroit, Mich. 48275-1034; (313) 222-5056

Total assets managed	$7,500,000,000
Tax-exempt assets managed:	
Total	$1,300,000,000
Fully discretionary	$250,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	850
Separate	60
Types of accounts managed	CEFGJ
No. of portfolio managers	17
Size of research staff	3

Comerica Bank — Detroit offers equity, fixed-income and balanced capabilities.

On Jan. 1, $600 million was in commingled and $450 million in separate accounts.

The asset mix was 55% stocks, 35% bonds and 10% cash.

Clients include Detroit Edison and Detroit Blue Cross-Blue Shield.

The bank generates 25% of its research internally; 175 stocks are followed closely and 250, generally.

Manown Kisor Jr., executive vice president, is the chief investment officer. Alana Sumpter, assistant vice president, is the client contact.

Commerce Bank of Kansas City

P.O. Box 248, Kansas City, Mo. 64141; (816) 234-2000

Total assets managed	$893,000,000
Tax-exempt assets managed:	
Total	$287,000,000
Fully discretionary	$287,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	104
Separate	50
Types of accounts managed	CEFJ
No. of portfolio managers	9

Commerce Bank of Kansas City offers equity, fixed and balanced capabilities.

Based on its outlook for the market, it moves its funds to attractive sectors and away from unattractive sectors.

In addition to anticipating changes in interest rates, it moves funds to attractive fixed-income sectors based on spread/sector analysis.

Of the tax-exempt assets managed Jan. 1, $76 million was in commingled and $211 million in separate accounts.

The asset mix was 50% stocks, 36% bonds, 10% cash, 3% equity real estate and 1% mortgages.

Research is 10% internally generated; 300 stocks are followed closely and 500, generally. Options and fixed-income futures are used.

George H. Wood, senior vice president and investment department manager, is the chief investment officer. Steven Swett, senior vice president and corporate services trust department manager, is the client contact.

Commerce Bank of St. Louis County

8000 Forsyth, Clayton, Mo. 63105; (314) 726-2255

Total assets managed	$515,000,000
Tax-exempt assets managed:	
Total	$219,000,000
Fully discretionary	$170,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	138
Separate	281
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Commerce Bank of St. Louis County offers equity, fixed and balanced capabilities as well as a GIC negotiation and management service.

Using a market timing approach to equity, it stresses growth stocks.

Its fixed-income approach is based on interest rate anticipation.

Of the tax-exempt assets managed Jan. 1, $22 million was in commingled and $197 million in separate accounts.

The asset mix was 35% stocks, 60% bonds and 5% cash.

Clients include Carpenters Union; Clayton, Mo.; Sisters of Mercy; and Enterprise Leasing.

The bank follows 50 stocks closely and 300, generally.

Carl Enloe, vice president, is the chief investment officer. Richard Drummond, vice president and marketing manager, is the client contact.

Pensions & Investment Age will take a look at state and municipal pension funds and their management Oct. 28.

Commerce Capital Management Inc.

1 Commerce Square, Suite 1175, Memphis, Tenn. 38150; (901) 523-3055

Total assets managed	$380,000,000
Tax-exempt assets managed:	
Total	$75,000,000
Fully discretionary	$75,000,000
International assets managed	$2,000,000
Minimum separate account	$100,000
Tax-exempt clients:	
Commingled	870
Separate	180
Types of accounts managed	CEF
No. of portfolio managers	4

Commerce Capital Management Inc. offers equity, fixed and balanced capabilities.

Its equity method is based on ignoring market forecasts and acquiring undervalued interests in viable businesses. Structured decision rules, efficient diversification and a three- to five-year time frame are utilized.

Its fixed-income philosophy is based on preservation of capital by setting appropriate average maturity, staggering maturities with a bias toward short end, diversification of credit and sector types and utilizing investment-quality bonds.

Of the total tax-exempt assets Jan. 1, $27 million was in commingled and $48 million in separate accounts.

The asset mix was 45% stocks, 45% bonds and 10% cash.

Research is 25% internally generated; 60 stocks are followed closely and 150, generally. Options are used.

Myron M. Mall, president, is the chief investment officer. J. Beasley Wellford is the client contact.

Commerce Investment Management Inc.

NBC Center, Suite 646, Lincoln, Neb. 68508; (402) 474-1394

Total assets managed	$28,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$2,000,000
Minimum separate account	$500,000
Tax-exempt clients	5
Types of accounts managed	CEFJ
No. of portfolio managers	1
Size of research staff	2

Commerce Investment Management Inc., an equity manager, bases its equity approach on growth stock. A systematic asset allocation strategy is used to increase or decrease market exposure. This system limits the downside risk to a predetermined level, yet permits participation in a market advance.

Sector analysis is the key to its fixed-income approach.

The mix of tax-exempt assets Jan. 1 was 70% stocks, 5% bonds and 25% cash.

The firm netted $18 million in tax-exempt assets in 1984; one tax-exempt client was added.

Fifty stocks are followed closely and 150, generally. Commerce Investment uses options, stock index futures and fixed-income futures.

Gaylan C. Abood, president, is chief investment officer and client contact.

The firm is an affiliate of Commerce Capital Inc., with total assets of $35 million.

Commodity Management Service Corp.

327 S. LaSalle, Suite 800, Chicago, Ill. 60604; (312) 922-3662

Total assets managed	$2,000,000
Tax-exempt assets managed:	
Total	0
Minimum separate account	$30,000
Tax-exempt clients	0
No. of portfolio managers	1
Size of research staff	7

Commodity Management Service Corp. is a futures manager whose technical approach uses computer-based trend indicators and statistical pattern recognition.

All research is generated in-house. The firm, an affiliate of Cisco Research Group, uses options, stock index futures and fixed-income futures are used.

Donald L. Jones, president, is the chief investment officer; Roger A. Lofstrand, marketing director, is client contact.

Composite Research & Management Co.

1109 Second Ave., Seattle, Wash. 98101; (206) 464-8092

Total assets managed	$402,000,000
Tax-exempt assets managed:	
Total	$39,000,000
Fully discretionary	$39,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	17
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	4

Composite Research & Management Co., an equity and fixed-income manager, uses an equity approach emphasizing low P/E ratios, cash generating abilities, sustainable earning power on invested capital and managerial quality. The goal is to be owners of quality companies at cheap prices.

In fixed income, the emphasis is on maturity/duration management on an economic-cycle basis. Quality selection focuses on unrecognized fundamental values. Technical analysis is used to take advantage of intermediate-term excesses in the market.

Kerry Killinger, executive vice president, is chief investment officer. Craig Hobbs, vice president, is client contact.

The firm is affiliated with Washington Mutual Savings Bank and Murphey-Favre.

Computime Institutional Services Inc.

26 W. Ninth St., New York, N.Y. 10011; (212) 777-9494

Total assets managed	$17,000,000
Tax-exempt assets managed:	
Total	$17,000,000
Fully discretionary	$17,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	4

Computime Institutional Services Inc., an equity manager, uses market timing and stock selection based on a proprietary data base of dollar-flow (trade-by-trade) analysis of all listed stocks.

All tax-exempt assets under management were in stocks Jan. 1.

In 1984, the firm netted $4.7 million in new tax-exempt business. Two tax-exempt clients were added.

All research is done in-house; all listed stocks are ranked by computer program. Options and stock index futures are used.

David M. Levin, president, is chief investment officer and client contact.

Confed Investment Counselling Ltd.

321 Bloor St. E., Toronto, Ontario M4W 1H1; (416) 967-8056

Total assets managed	$2,096,000,000
Tax-exempt assets managed:	
Total	$2,096,000,000
Fully discretionary	$2,096,000,000
Real estate assets managed	$70,000,000
Minimum separate account	$2,500,000
Tax-exempt clients	403
Types of accounts managed	CU
No. of portfolio managers	5
Size of research staff	12

Confed Investment Counselling Ltd., a Canadian firm, has equity, fixed-income, balanced and real estate capabilities.

Using Graham & Dodd analysis in its equity approach, it concentrates on shares of companies with high sustainable return on equity produced by asset turnovers and margins.

Interest-rate anticipation and trading are the cornerstones of the firm's fixed-income approach.

For its real estate approach, Confed holds a portfolio of non-residential, income-producing properties diversified by geographic location and type (commercial, retail and industrial).

The asset mix Jan. 1 was 30% Canadian stocks, 50% bonds, 5% cash, 5% equity real estate and 10% U.S. stocks.

The firm follows 250 stocks closely and 325, generally. It generates 60% of its research internally.

John H. Watson, vice president-investment, is the chief investment officer; F.G. Ryan, assistant vice president-group pension marketing, is the client contact.

The parent company is Confederation Life Insurance Co., with assets of parent and subsidiaries totaling $5.2 billion.

Connecticut Bank & Trust

1 Constitution Plaza, Hartford, Conn. 06115; (203) 244-5955

Total assets managed	$3,398,000,000
Tax-exempt assets managed:	
Total	$1,241,000,000
Fully discretionary	$1,151,000,000
Real estate assets managed	$4,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	1,100
Separate	180
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	4

Connecticut Bank & Trust offers equity, fixed and balanced capabilities. It also handles options.

Its equity approach seeks growth and emerging growth stocks.

Its active fixed-income management focuses on duration analysis in anticipation of major changes in prevailing rates.

Of the tax-exempt assets managed Jan. 1, $160 million were in commingled and $1.1 billion in separate accounts.

The asset mix was 65% stocks, 25% bonds and 10% cash.

Clients include United Technologies and Hartford Hospital.

Research is 60% internally generated; 150 stocks are followed closely and 150, generally.

Neil Kelleher and John G. Anderson, senior vice presidents, are chief investment officers. Ellsworth Davis, vice president, is client contact.

Connecticut Bank & Trust has filed with the SEC to form an investment management subsidiary, Constitution Capital Management Co., which will manage all of its institutional tax-exempt assets.

Connecticut Mutual Life Insurance Co.

140 Garden St., Hartford, Conn. 06154; (203) 727-6500

Total assets managed	$7,220,000,000
Tax-exempt assets managed:	
Total	$1,084,000,000
Fully discretionary	$1,084,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Individual separate	1
GICs	600
Other	2,000
Types of accounts managed	CG
No. of portfolio managers	2
Size of research staff	5

Connecticut Mutual Life Insurance Co. offers equity, balanced and real estate capabilities.

Using a rotational equity strategy, the firm carefully reads market conditions. Specific industry and sector positions are attained after economic analysis and a fundamental analysis of individual stocks.

For fixed income, it carefully examines anticipated interest rate changes, while performing analysis of sectors and individual issues.

On Jan. 1, $214 million was in pooled and $127 million in individual separate accounts. The assets mix was 60% stocks, 20% bonds, 10% cash and 10% equity real estate.

GICs accounted for $683 million.

Clients include Ford Motor, K mart and Quaker Oats.

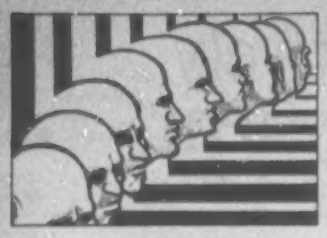
Robert E. Stevens, executive vice president, is the chief investment officer. Gary E. Lineberry, second vice president, is the client contact.

Connecticut National Bank

777 Main St., Hartford, Conn. 06115; (203) 728-4699

Total assets managed	$4,730,000,000
Tax-exempt assets managed:	
Total	$2,851,000,000
Fully discretionary	$2,851,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	3,239
Separate	815
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	8

Connecticut National Bank offers equity, fixed and balanced capabilities.



Its equity style specializes in small capitalization stocks, using sector rotation and fundamental analysis based on relative values.

This traditional bond strategist uses interest rate anticipation.

Of the tax-exempt assets managed Jan. 1, $261 million was in commingled and $2.6 billion in separate accounts.

The asset mix was 39.9% stocks, 25.8% bonds, 32.8% cash, 0.2% mortgages and 1.3% miscellaneous.

Research is 70% internally generated; 351 stocks are followed closely and 450, generally.

Frank L. Stanley, senior vice president, is the chief investment officer. Stuart I. Repp, senior vice president, is the client contact.

Connor, Clark & Lunn Investment Management

Box 49296, 4 Bentall Centre, Suite 764, 1055 Dunsmair St., Vancouver, British Columbia V7X 1L3; (604) 669-3512

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$75,000,000
Fully discretionary	$75,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	29
Types of accounts managed	CFU
No. of portfolio managers	5
Size of research staff	1

Connor, Clark & Lunn Investment Management Ltd., a Canadian firm, has equity, fixed-income and balanced capabilities.

It categorizes equities into two areas: core stocks (medium capitalizations), which are identified through a concept approach and financial screens; and non-core positions, for which a top-down approach using sector rotation and option premium analysis is applied.

Yield enhancement techniques stemming from extensive yield-curve and risk analysis provide for above-average fixed-income returns. Capital preservation is the underlying strategy objective; some interest rate timing is done.

Larry R. Lunn, president and managing director, is chief investment officer; Gordon H. MacDougall, vice president and director, is client contact.

Connors Investor Services

1817 Bernville Road, Reading, Pa. 19601; (215) 376-7418

Total assets managed	$160,000,000
Tax-exempt assets managed:	
Total	$124,000,000
Fully discretionary	$124,000,000
Minimum separate account	$250,000
Tax-exempt clients	154
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	1

Connors Investor Services Inc. is an equity manager that makes extensive use of hedging strategies. Using emerging growth and low P/E stocks in its investment approach, Connors employs two equity-oriented strategies in portfolios under its management: option hedging of listed stocks, and investment in small companies. The combination has provided high and stable returns.

Its fixed income approach is passive.

Michael S. Auman, vice president, is chief investment officer; James M. Connors, president, is client contact.

Consensus of Insiders Inc.

P.O. Box 24349, Fort Lauderdale, Fla. 33307; (305) 563-1827

Total assets managed	$75,000,000
Tax-exempt assets managed:	
Total	$74,500,000
Fully discretionary	$74,500,000
Real estate assets managed	$7,000,000
International assets managed	$3,700,000
Minimum separate account	$500,000
Tax-exempt clients	9
Types of accounts managed	CJ
No. of portfolio managers	3
Size of research staff	10

Consensus of Insiders Inc., a balanced manager, uses Graham & Dodd analysis, market timing and information on insider trading in its equity approach.

On Jan. 1, the mix of tax-exempt assets was 65% stocks, 15% cash, 10% bonds and 10% mortgages. Of its total investment, 5% was in international markets.

Three of its nine tax-exempt clients were added in 1984.

All research is generated internally; more than 150 stocks are followed closely and more than 650, generally. The firm uses options and stock index futures.

Larry Unterbrink is chief investment officer; John L. Freeman is client contact.

Master Trust directory: May 27.

Continental Assurance Co.

CNA Plaza, Chicago, Ill. 60685; (312) 822-6944

Total assets managed	$4,116,000,000
Tax-exempt assets managed:	
Total	$2,320,000,000
Fully discretionary	$2,320,000,000
Tax-exempt clients:	
Pooled	319
Individual separate	1
GICs	368
Other	8,000
Types of accounts managed	CGJ
No. of portfolio managers	5
Size of research staff	5

Continental Assurance Co. offers equity and fixed-income capabilities.

Its passive equity approach focuses on growth stocks; its passive fixed-income approach combines interest rate anticipation with sector analysis.

Options and stock index and fixed-income futures are used.

On Jan. 1, $371 million was in pooled and $79 million in individual separate accounts. The asset mix was 20% stocks, 79% bonds and 1% mortgages.

GICs accounted for $971 million.

Clients include Ford Motor; Walgreens; Goldman, Sachs; and American Medical Association.

Donald C. Rycroft, vice president-investment department, is the chief investment officer. Ralph Vuono, director-group pension sales, is the client contact.

Continental Illinois Corp.

30 N. LaSalle, Chicago, Ill. 60693; (312) 828-7007

Total assets managed	$9,544,000,000
Tax-exempt assets managed:	
Total	$1,566,000,000
Minimum separate account	$5,000,000
Tax-exempt accounts:	
Commingled	54
Separate	136
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Continental Illinois Corp. manages equity, fixed-income and balanced accounts. Its equity approach emphasizes value (defined as steady with low P/E ratios), low price/book ratios and above-average yields. Graham & Dodd analysis is used.

In fixed-income portfolios, the duration of the market is matched except during instances of unused opportunity.

Of the tax-exempt assets Jan. 1, $118 million were in commingled and $1,468 million in separate accounts. The asset mix was 29.4% stocks, 53.4% bonds and 17.2% cash.

The firm added one tax-exempt client last year.

The bank follows 100 stocks closely and 400, generally.

Roger H. Sherman, senior vice president, is the chief investment officer. R.O. Wicklander Jr., vice president, is the client contact.

Continental Investment Advisors Ltd.

6600 W. Broad St., Richmond, Va. 23230; (804) 281-6447

Total assets managed	$2,412,700,000
Tax-exempt assets managed:	
Total	$409,900,000
Fully discretionary	$300,000,000
Minimum separate account	$10,000,000

$1 BILLION.

Chessie System Railroads

Seaboard System Railroad

Texas Gas Resources

American Commercial Lines

CSX Intermodal Growth Record

CSX Corporation's One-Stop Shipping℠ is redefining the very concept of freight distribution. With its high-speed trains, trucks, barges and warehouses, CSX offers America's shippers an unprecedented depth of capabilities to help answer their marketing needs.

On top of that, CSX will spend $1 billion over the next 5 years to improve and expand its intermodal service.

Tax-exempt clients	11
Types of accounts managed	CG
No. of portfolio managers	9

Continental Investment Advisors Ltd., a fixed-income manager, uses a debt retirement arbitrage approach — active trading of bonds with sinking funds. The firm keeps close track of the quality and status of most sinking funds and their traders.

For equities, it uses Graham & Dodd analysis. It basically is a value buyer, seeking low P/E stocks and companies with good balance sheets. Smaller companies are included.

Charles E. Keller, managing director, is the chief investment officer. L. David Hale, senior vice president, is the client contact.

Affiliate Life of Virginia is owned by the same parent holding company, the Continental Group.

David W. Cook & Co. Inc.

24 Fair Oaks Park, Needham, Mass. 02192; (617) 449-2636

Total assets managed	$27,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$3,000,000
Real estate assets managed	$200,000
International assets managed	$300,000
Tax-exempt clients	3
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	1

David W. Cook & Co. is a balanced manager whose equity approach uses total rate of return. Its fixed-income approach is passive.

The asset mix on Jan. 1 was 60% stocks, 30% bonds and 10% cash. Mortgage-backed securities accounted for $200,000. International investments totaled $300,000; $200,000 in stocks and $100,000 in bonds.

The net gain for 1984 in new tax-exempt business was $1 million; one new tax-exempt client was added.

Three-fourths of the firm's research is generated internally; 100 stocks are closely followed.

David W. Cook, president, is the chief investment officer and client contact.

Cooke & Bieler Inc.

1435 Walnut St., Philadelphia, Pa. 19102; (215) 567-1101

Total assets managed	$1,644,000,000
Tax-exempt assets managed:	
Total	$1,242,000,000
Fully discretionary	$1,184,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	58
Types of accounts managed	CEFJ
No. of portfolio managers	6
Size of research staff	6

Cooke & Bieler Inc., an equity and balanced manager, stresses high quality, low risk, value and in-house research of corporate management in its equity approach.

The asset mix Jan. 1 was 75% stocks, 11% bonds and 14% cash.

The net gain in new tax-exempt business for 1984 was $1.4 million in equities; four tax-exempt clients were added.

Research is 90% internally generated; 100 stocks are followed closely and 300, generally. The firm uses options.

James C.A. McClennen is the chief investment officer. Robert T. Brooks is the client contact.

Copley Real Estate Advisors

535 Boylston St., Boston, Mass. 02116; (617) 578-4936

Total assets managed	$1,545,000,000
Tax-exempt assets managed:	
Total	$1,009,000,000
Fully discretionary	$1,009,000,000
Real estate assets managed	$1,009,000,000
Minimum separate account	$25,000,000
Tax-exempt clients:	
Pooled	74
Individual separate	80
Types of accounts managed	CEG
No. of portfolio managers	3

Copley Real Estate Advisors, an affiliate of New England Mutual Life Insurance Co., offers separate account management and through New England Mutual, pooled funds.

The firm invests in developmental real estate on a joint venture basis with local developer partners.

Of its tax-exempt assets managed, $1 billion was managed for the general account of New England Mutual. The asset mix Jan. 1 was 100% equity real estate.

The net gain in new tax-exempt business for 1984 was $225 million.

Clients include Blue Cross and Blue Shield Association, CSX, Stanford University and Washington State Investment Board.

Joseph W. O'Connor, chief executive officer, is the chief investment officer. John C. Phillips Jr., principal, is the client contact.

Copper Beech Capital Services

74 W. Park Place, Stamford, Conn. 06901; (203) 823-6001

Total assets managed	0
Minimum separate account	$5,000,000
Tax-exempt clients	0
No. of portfolio managers	1
Size of research staff	1

Copper Beech Capital Services, formed last July, is an investment supervisor via a group trust that consists of a fixed-income fund and an equity fund.

It will employ multiple investment advisers for its equity fund, some of whom follow a low P/E value approach and others who are growth-oriented.

For its fixed-income fund, it also will employ multiple investment advisers, who specialize in various maturity sectors.

William P. Marshall, president, is the chief investment officer. Eugene J. Murphy, vice president-business development, is the client contact.

Corporate Pension Funding

25200 La Paz #217, Laguna Hills, Calif. 92653; (714) 855-1221

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$35,000,000
Fully discretionary	$15,000,000
Real estate assets managed	$35,000,000
Tax-exempt clients	150
Types of accounts managed	C
No. of portfolio managers	3

Corporate Pension Funding Inc., a real estate manager, seeks positive cash and appreciation.

The asset mix Jan. 1 was 96% equity real estate and 4% mortgages.

The net gain in new tax-exempt business for 1984 was $10 million.

John App, president, is the chief investment officer. Marvin O'Neal is the client contact.

Corporate Property Investors

305 E. 47th St., New York, N.Y. 10017; (212) 421-8200

Total assets managed	$2,400,000,000
Tax-exempt assets managed:	
Total	$2,300,000,000
Fully discretionary	$2,300,000,000
Real estate assets managed	$2,300,000,000
Tax-exempt clients	36
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	9

Corporate Property Investors, a real estate manager, invests in high-grade, large commercial, income-producing properties. Special emphasis is given to regional shopping centers and major office buildings.

The mix of tax-exempt assets Jan. 1 was 90% equity real estate and 10% in mortgages.

The firm netted $160 million in new tax-exempt business in 1984. Four tax-exempt clients were added.

Among its 36 tax-exempt clients are AT&T, Pennsylvania Public Employees, United Nations Pension Fund and Mellon Foundation.

Hans C. Mautner, president, is the chief investment officer; Warren G. Hamer is client contact.

Cowen Asset Management

1 Battery Park Plaza, New York, N.Y. 10004; (212) 460-0338

Total assets managed	$131,000,000
Tax-exempt assets managed:	
Total	$55,000,000
Fully discretionary	$55,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	18

Cowen Asset Management, an eq-

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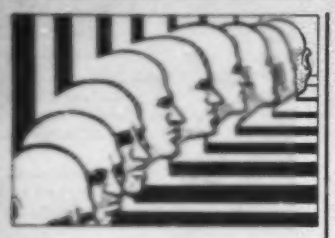

ulty manager, offers two approaches for different objectives. Appreciation portfolios hold stocks with dramatically improving fundamentals and "corporate event" potential. Growth/income portfolios hold stocks with high yield and dividend growth.

Howard Shawn, director of portfolio management, is the chief investment officer. John Arnold, director of pension marketing, is the client contact.

Cranbilt & Carney Inc.

523 W. Sixth St., Suite 723, Los Angeles, Calif. 90014; (213) 680-0582

Total assets managed	$000,000,000
Tax-exempt assets managed:	
Total	$000,000,000
Fully discretionary	$000,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	24
Types of accounts managed	CEFJ
No. of portfolio managers	3

Cranbilt & Carney Inc., a balanced manager, uses a growth stock and low P/E approach to equities, and interest rate anticipation in fixed income. The asset mix Jan. 1 was 45% stocks, 45% bonds and 10% cash.

The firm follows 100 stocks closely and 300, generally.

Richard P. Carney, president, is chief investment officer. Barry T. Seymour is the client contact.

Crawford Investment Counsel

3 Piedmont Center, Suite 130, Atlanta, Ga. 30305; (404) 262-1893

Total assets managed	$75,000,000
Tax-exempt assets managed:	
Total	$24,000,000
Fully discretionary	$24,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	11
Types of accounts managed	CE
No. of portfolio managers	1

Crawford Investment Counsel manages equity and balanced accounts. Its equity approach favors high-yielding stocks with strong emphasis on dividend growth. Its portfolios are low beta, low risk and include primarily large-capitalization companies.

Its fixed-income approach favors interest rate anticipation. It actively manages bonds based on interest rate forecasts. Average maturities within portfolios are lengthened or shortened depending upon interest rate trends.

John H. Crawford is the chief investment officer; Sarah Jane Ross is the client contact.

Criterion Investment Management Co.

333 Clay St., Suite 4300, Houston, Texas 77002; (713) 751-2400

Total assets managed	$9,200,000,000
Tax-exempt assets managed:	
Total	$7,800,000,000
Fully discretionary	$7,800,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	120
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	10

Criterion Investment Management Co. manages equity, fixed-income and balanced portfolios.

In its equity approach, relative attractiveness of stocks vs. cash equivalents is determined along with identifying concepts and investment themes that will affect industry sectors and groups positively.

Interest rate anticipation is used in its fixed-income approach. "Portfolio characterization" is a proprietary computer system designed to evaluate and monitor the risk/reward relationship of both individual bonds and portfolios of bonds.

Clients include Tenneco, Nevada, San Diego Gas & Electric and Singer.

It uses options and stock index and fixed-income futures; 150 stocks are followed generally.

Charles Miller, president, is the chief investment officer. Jeff Nichols, managing director-client services, is the client contact.

Crocker Investment Management Corp.

595 Market St., 15th Floor, San Francisco, Calif. 94105; (415) 477-8822

Total assets managed	$2,220,000,000
Tax-exempt assets managed:	
Total	$2,220,000,000
Fully discretionary	$1,783,000,000
Real estate assets managed	$380,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	22
Types of accounts managed	CFGJ
No. of portfolio managers	5
Size of research staff	5

Crocker Investment Management Corp. handles equity, fixed-income and balanced accounts.

The firm believes superior earnings are the key to superior performance of an equity security. It looks for both industries and companies with demonstrable growth records and where there is a period of growth as a result of change rather than established trends. Its equity portfolios usually will contain a mix of growth stocks and more mature change candidates, which tends to reduce the risk level associated with more aggressive growth stocks.

The firm's fixed income philosophy emphasizes active maturity and sector positioning based on yield-curve anticipation, spread analysis and credit research. Average portfolio maturities range from three to 14 years. Sector emphasis is determined through forecasting yield-spread changes. At times during the economic interest rate cycle significant positions are taken in carefully researched lower rated securities.

The firm had a net loss of $860 million in tax-exempt business for 1984; two tax-exempt clients were added.

Research is 80% internally generated; 180 stocks are followed closely and 130, generally. Options are used.

Clients include ITT, Alcoa and San Francisco City and County.

Kennard Woodworth Jr., president and director of research, is the chief investment officer. Arnold J. Midwood Jr., senior vice president and director of fixed income, is the client contact.

The firm is a wholly owned subsidiary of Crocker National Corp.

Crocker National Bank

333 S. Grand Ave., 6th Floor, Los Angeles, Calif. 90071; (213) 253-3223

Total assets managed	$7,400,000,000
Tax-exempt assets managed:	
Total	$3,000,000,000
Fully discretionary	$3,000,000,000
Real estate assets managed	$230,000,000
Minimum separate account	$500,000
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	5

Crocker National Bank offers equity, fixed, balanced, real estate and international capabilities.

In equities, fundamental research on companies, industries and security prices enables it to forecast and identify emerging trends. The style is moderately aggressive and rational.

In fixed income, the key determinants of portfolio structure are the firm's rate forecast and analysis of yield spread among sectors of the market.

The asset mix Jan. 1 was 59% stocks, 10% bonds, 18% cash, 4% equity real estate, 4% mortgages and 5% other.

Research is 80% internally generated; 275 stocks are closely followed. Options are used.

Kennard Woodward Jr., president, Crocker Investment Management Co. (a subsidiary), is the chief investment officer. Adele Berwanger is the client contact.

Crocker Real Estate Investment Group

44 Montgomery St., Suite 2110, San Francisco, Calif. 94104; (415) 477-8559

Total assets managed	$191,000,000
Tax-exempt assets managed:	
Total	$175,000,000
Fully discretionary	$85,000,000
Real estate assets managed	$175,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	235
Types of accounts managed	CFG

Crocker Real Estate Investment Group emphasizes separate account activity, designing a program to fit the specific needs of a client.

All tax-exempt assets were in equity real estate Jan. 1.

The net gain in new tax-exempt business for 1984 was $15 million; one tax-exempt client was added.

Eastern Air Lines, Arco, Contra Costa County and California Employees are among its tax-exempt clients.

N. Anthony Dann, vice president, is the client contact.

Crocker Real Estate Investment Group is part of Crocker National Bank.

Crown Life Insurance Co.

5401 W. Kennedy Blvd., Suite 1060, Tampa, Fla. 33609; (813) 873-2417

Total assets managed	$4,846,000,000
Tax-exempt assets managed:	
Total	$1,209,000,000
Fully discretionary	$1,209,000,000
Minimum separate account	$2,000,000
Types of accounts managed	CU
No. of portfolio managers	9

Crown Life Insurance Co., a Canadian insurer, is an equity, fixed-income and balanced manager.

All the amounts cited are in Canadian dollars.

Its basic equity investment philosophy is to buy stocks that are selling at low P/Es on projected earnings and are undervalued in relation to the asset value of the company.

It uses interest rate anticipation for fixed income.

As of Jan. 1, the tax-exempt asset mix was 51% Canadian stocks, 19% bonds, 25% U.S. stocks and 5% non-North American stocks.

The insurer follows 300 stocks closely.

R.W. Luba is the chief investment officer; John Mullis, director of field operations-U.S. pensions, is the client contact.

C-S Capital Advisors Inc.

8150 Corporate Park Drive, Suite 224, Cincinnati, Ohio 45242; (513) 489-5556

Total assets managed	$193,000,000
Tax-exempt assets managed:	
Total	$193,000,000
Fully discretionary	$193,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	12
Types of accounts managed	CEFG
No. of portfolio managers	3

C-S Capital Advisors Inc. primarily is an equity manager, although it does handle balanced accounts.

For stocks, it uses a combination of low P/E, sector rotation and Graham & Dodd analysis. Its investment approach is based on a long-term, predetermined, disciplined strategy that stresses value, dividend yield and, when coupled with an active options-writing program, maximizes cash flow.

For fixed income, it uses an interest rate anticipation and sector analysis approach. Interest rate forecasting and positioning on the yield curve are monitored constantly to achieve predetermined market positions and weightings.

C-S Capital uses options; 200 stocks are followed closely and 200 more, generally.

Cliff Stahl, president, is chief investment officer; Paul Chenault, chairman and chief executive officer, is client contact.

CSFB Investment Management Ltd.

22 Bishopsgate, London, England EC2N 4BQ; 01-634-3000

CSFB Investment Management Ltd. is the investment management subsidiary of Financiere Credit Suisse-First Boston.

It is mainly a fixed-income international manager for pension funds, insurance companies, multinational corporations and central banks. The firm offers different types of portfolios, including cash management, floating rate, fixed-income multicurrency and convertible bonds.

The firm is not registered with the SEC.

Manfred Adami, managing director, and Michael J.W. Daley, investment manager, are the client contacts.

Cumberland Advisors

614 Landis Ave., P.O. Box 663, Vineland, N.J. 08360; (800) 257-7013

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$38,000,000
Fully discretionary	$37,500,000
Minimum separate account	$100,000
Tax-exempt clients	120
Types of accounts managed	CFJ
No. of portfolio managers	3
Size of research staff	2

Cumberland Advisors is an equity, fixed-income and balanced manager.

For equities, it is a top-down, macroeconomic manager, incorporating Graham & Dodd analysis in its selection of sectors, industries and individual companies.

For fixed income, interest rates are forecast using business cycle analysis and monetarist theory. Change is anticipated and reflected in positions. Sector analysis is integrated into this strategic process.

David R. Kotok, general partner, is the chief investment officer. Sheldon E. Goldberg, general partner, is the client contact.

John M. Cunningham Inc.

150 Strafford Ave., Wayne, Pa. 19087; (315) 687-5060

Total assets managed	$12,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
International assets managed	$500,000
Minimum separate account	$50,000
Tax-exempt clients	25
Types of accounts managed	CE
No. of portfolio managers	1
Size of research staff	1

John M. Cunningham Inc. is an equity manager whose strong industry approach is matched by an equally strong emphasis on value.

For equities, it uses a sector rotation approach. For fixed income, it uses interest rate anticipation.

The mix of the tax-exempt assets Jan. 1 was 90% stocks and 10% bonds. Of its investments, $500,000 was in international markets.

In 1984, the company had a net gain of $1 million in new tax-exempt business. One tax-exempt client was added.

All research originates in-house; 40 stocks are followed closely and about 20, generally.

John M. Cunningham, president, is chief investment officer and client contact.

Martin Currie Inc.

29 Charlotte Square, Edinburgh, Scotland EH2 4HA; (011) 44-31-225-3811

Total assets managed	$800,000,000
Tax-exempt assets managed:	
Total	$270,000,000
Fully discretionary	$270,000,000
International assets managed	$96,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	21
Types of accounts managed	CEF
No. of portfolio managers	8
Size of research staff	7

Martin Currie Inc., an equity and international manager, uses a combined growth stock, emerging growth and sector rotation approach to equity.

It is a bond investor in the U.K. market only to fulfill requirements of endowment clients. Its purchases and sales are dictated by interest rate expectations.

On Jan. 1, the tax-exempt asset mix was 92% stocks, 4% bonds and 4% cash.

The firm netted $10 million in new tax-exempt business for 1984; one tax-exempt client was added.

Among its tax-exempt clients are Continental Telecom, Unocal, Church of Scotland and National Trust for Scotland.

Research is 20% in-house; 600 stocks are followed closely. The firm uses options.

J.B. Stewart, senior partner, is the chief investment officer. David Skinner and Michael Kennedy, partners, are the client contacts.

BABSON
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David L. Lindsay
President

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Boston, Massachusetts

Profiles

Cutler & Company Inc.

132 W. Main St., Suite 204, Medford, Ore. 97501; (503) 779-5055

Total assets managed	$162,000,000
Tax-exempt assets managed:	
Total	$124,000,000
Fully discretionary	$124,000,000
Minimum separate account	$500,000
Tax-exempt clients	156
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Cutler & Company Inc., an equity manager, focuses on dividend policy to determine a company's strength. Of its universe of 102 companies, it purchases an industry-diversified portfolio of the highest yield. It applies bond yield swapping methods to increase income. The asset mix Jan. 1 was 99% stocks and 1% cash.

The net gain in new tax-exempt business for 1984 was $7.3 million; 24 tax-exempt clients were added.

All research originates in-house; 10 stocks are followed closely and 102, generally.

Kenneth R. Cutler, chairman of the board, is the chief investment officer. Mark S. Patten, executive vice president, is the client contact.

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D.A. Management Consultants Inc.

16541 Gothard #202, Huntington Beach, Calif. 92647; (714) 842-0162

Total assets managed	$80,000,000
Tax-exempt assets managed:	
Total	$45,000,000
Real estate assets managed	$45,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	1
Types of accounts managed	G
No. of portfolio managers	2
Size of research staff	2

As of Jan. 1, all the tax-exempt assets managed by D.A. Management Consultants Inc., a real estate manager, were in mortgages.

Its approach to mortgages emphasizes high-quality property and cash flow on income properties. For equity, a new part of its business, it selects $3 million to $10 million properties that generally have excellent locations and below-market rents.

Daniel M. Ardell is the chief investment officer and client contact.

Dain Corp.

1820 Dain Tower, P.O. Box 1160, Minneapolis, Minn. 55440; (612) 371-7810

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Real estate assets managed	$30,000,000
Minimum separate account	$15,000,000
Types of accounts managed	CGJ

Real estate manager Dain Corp.'s conservative approach emphasizes capital preservation and enhancement concurrent with maximizing cash flow. Debt ranges from low leverage to no leverage. Holding periods are comparatively short: five to eight years projected.

All of the tax-exempt assets were in real estate equity Jan. 1.

Last year's net gain in new tax-exempt business was $14 million.

Gary J. Fegley, vice president, is the client contact.

The firm is a real estate affiliate of Inter-Regional Financial Group Inc.

Daiwa International Capital Management Corp.

1 Liberty Plaza, New York, N.Y. 10006; (212) 732-6600

Total assets managed	$5,077,000,000
Tax-exempt assets managed:	
Total	$171,000,000
Fully discretionary	$108,000,000
International assets managed	$171,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	7
Types of accounts managed	CG
No. of portfolio managers	35
Size of research staff	16

Daiwa International Capital Management Corp. is an international manager with a growth stock orientation. A research-oriented, active manager, its stock selection process focuses on a company's long-term growth potential and the relative value of its stock price.

The tax-exempt asset mix Jan. 1 was 92% stocks and 8% cash, all invested in international markets for U.S. tax-exempt clients.

The 1984 net gain in new tax-exempt business was $40 million, all in equities. One client was added.

United Technologies, General Motors, Frank Russell Trust and the state of Hawaii are among the firm's seven tax-exempt clients.

Half its research is generated internally; 150 stocks are followed closely and 400, generally.

Keisuke Oshima, managing director, is chief investment officer. Michael J. Bonner, senior vice president, is the client contact.

The firm is a subsidiary of Daiwa International Capital Management Co. Ltd., Tokyo, an affiliate of Daiwa Securities Co. Ltd. Total assets under management by parent and subsidiaries is $5.1 billion.

Dana Investment Advisors

15700 W. Blue Mound Road, Suite 350, Brookfield, Wis. 53005; (414) 782-2762

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$106,000,000
Fully discretionary	$106,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	40
Types of accounts managed	CF
No. of portfolio managers	3

Dana Investment Advisors manages equity, fixed-income and balanced accounts.

Market timing is the key to its equity approach. The underlying philosophy is to have a positive return in all economic conditions — the lowest return should exceed money market rates, and in the long term a minimum 5% real rate of return over inflation should be achieved.

For fixed-income, it seeks to purchase deep-discount, government-backed small business loans with a current return of 150 basis points more than Treasuries and for a long-term return — because of acceleration — of 800 basis points more.

The mix of the tax-exempt assets under management Jan. 1 was 35% stocks, 15% bonds and 50% cash.

Research is 70% in-house; 500 stocks are followed closely.

Michael Dana is chief investment officer and client contact.

DanBell Capital Management

99 Wall St., New York, N.Y. 10005; (212) 422-1710

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	5
Types of accounts managed	CG
No. of portfolio managers	2
Size of research staff	5

DanBell Capital Management Inc., a balanced manager, bases its investment strategy on the concepts of "contrary opinion" theory. It practices sector rotation and market timing.

The asset mix Jan. 1 was 80% stocks and 20% bonds.

Research is 80% internally generated; 30 stocks are followed closely and 60, generally.

Hubert Roosma, senior vice president, is chief investment officer. Tonya Martin, senior analyst, and Travers Bell, president, are client contacts.

It is affiliated with Freedom National Bank.

John Stewart Darrell & Co.

205 E. High St., Charlottesville, Va. 22901; (804) 977-7010

Total assets managed	$37,000,000
Tax-exempt assets managed:	
Total	$9,000,000
Fully discretionary	$9,000,000
Minimum separate account	$500,000
Tax-exempt clients	9
Types of accounts managed	CF
No. of portfolio managers	1

John Stewart Darrell & Co., an equity manager, uses Graham & Dodd analysis in its investment approach. It seeks stocks with a low price-to-book-value ratio, low multiple to cash flow and low multiple to net working capital. It also looks for last-in, first-out reserves and hidden assets.

Its fixed-income approach is passive.

Seventy percent of the firm's research is generated internally; 20 stocks are followed closely and 40, generally.

John Stewart Darrell, president, is the chief investment officer and client contact.

Dauphin Deposit Bank & Trust Co.

P.O. Box 2961, Harrisburg, Pa. 17105; (717) 255-2319

Total assets managed	$900,000,000
Tax-exempt assets managed:	
Total	$375,000,000
Fully discretionary	$272,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	200
Separate	25
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	2

Dauphin Deposit Bank & Trust Co. offers equity, fixed and balanced capabilities.

This special equity manager's value-oriented approach features growth stocks with low P/E ratios.

For fixed income, it relies on interest rate anticipation.

Investment Advisors

to pension and profit sharing plans
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The cornerstone philosophy of David J. Greene and Company was established nearly a half century ago. The preservation and appreciation of capital through investment in undervalued securities and special situations was then, is now and will continue to be, the governing principle of our investment concepts.

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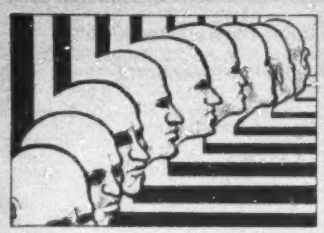

Of the tax-exempt assets Jan. 1, $60 million was in commingled and $210 million in separate accounts.

The asset mix was 20% stocks, 70% bonds and 10% cash.

Half its research originates in-house; 250 stocks are followed closely.

Robert Spicer, vice president and trust officer, is the chief investment officer. Gary E. Tarbert, assistant vice president and trust officer, is the client contact.

Davenport Asset Management

P.O. Box 1377, Richmond, Va. 23211; (804) 780-2117

Total assets managed	$76,000,000
Tax-exempt assets managed:	
Total	$23,000,000
Fully discretionary	$9,000,000
Minimum separate account	$200,000
Tax-exempt clients	5
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	3

Davenport Asset Management, a balanced manager, is value-oriented in equities. The low beta of equities in a portfolio reflects its bias toward low P/E and higher current yields.

With a passive fixed-income approach, it typically uses Treasury issues with a maturity spread designed to diversify its rate exposure risk.

The asset mix Jan. 1 was 62% stocks, 31% bonds and 7% cash.

Joseph L. Antrim, senior vice president, is chief investment officer. Nancy P. Jenkins, administrator, is client contact.

The firm is the investment advisory division of Davenport & Co. of Virginia.

Davis, Weaver & Mendel Inc.

3312 Piedmont Road, #222, Atlanta, Ga. 30305; (404) 233-1263

Total assets managed	$15,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Tax-exempt clients	5
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	1

Davis, Weaver & Mendel manages equity and fixed-income accounts.

Its equity approach combines market timing and sector rotation. The firm times the market using price and volume momentum analysis. Rather than make one decision on the entire market, it identifies those industry groups that are performing best. All research is generated internally.

The fixed-income strategy is based on interest rate anticipation. The firm uses computer-based timing models to determine the appropriate maturity structure for the bond market. It switches between long-term bonds and money market securities based on price momentum.

Of the assets under management Jan. 1, 93% was in stocks and 7% in bonds.

Ned Davis, chairman, is the chief investment officer; Thomas H. Weaver, president, is the client contact.

Dawes Investment Service

P.O. Drawer 3009, Tequesta, Fla. 33458; (305) 747-0896

Total assets managed	$29,000,000
Tax-exempt assets managed:	
Total	$23,000,000
Fully discretionary	$19,000,000
Minimum separate account	$50,000
Tax-exempt clients	10
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Dawes Investment Service Inc., an equity manager, has a disciplined, value-oriented strategy using a computerized data base of more than 6,000 companies, which displays a six-year history of each. A proprietary mathematical model identifies buy points and sell objectives. Graham & Dodd analysis is used.

The asset mix Jan. 1 was 99% stocks and 1% cash.

One tax-exempt client was added in 1984.

All its research originates in-house; 200 stocks are followed closely and 6,000, generally.

Richard C. Sunshine, president, is chief investment officer and client contact.

Dawson-Henry Capital Management Inc.

354 Pequot Ave., Southport, Conn. 06490; (203) 254-0091

Total assets managed	$153,000,000
Tax-exempt assets managed:	
Total	$115,000,000
Fully discretionary	$115,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	9
Types of accounts managed	FG
No. of portfolio managers	4
Size of research staff	1

Dawson-Henry Capital Management Inc., an equity manager, looks for dynamic earnings progress (sales momentum and margin expansion). Valuation techniques concentrate on relative earnings growth rates, ROE and low P/Es. Sell targets are established for each holding.

Bonds are used only as equity substitutes when the firm believes they will demonstrate price appreciation as well as the coupon return.

Research is 75% internally generated; 30 stocks are followed closely and 150 to 200, generally.

Jonathan T. Dawson, chairman, is chief investment officer and client contact.

Dean Investment Associates

2480 Kettering Tower, Dayton, Ohio 45423; (513) 222-9531

Total assets managed	$287,000,000
Tax-exempt assets managed:	
Total	$230,000,000
Fully discretionary	$225,000,000
Minimum separate account	$500,000
Tax-exempt clients	333
Types of accounts managed	CEFJ
No. of portfolio managers	9
Size of research staff	4

Dean Investment Associates is a balanced manager whose equity approach combines low P/E, sector rotation, Graham & Dodd analysis and market timing with a strong emphasis on a monetary indicator model.

All of the research is generated internally.

Among the firm's 333 tax-exempt clients are NCR, Guy F. Atkinson and the University of San Francisco.

Dennis D. Dean, executive vice president, is the chief investment officer. Richard M. Luthman, director-client coordination, is the client contact.

Dearden, Maguire & Weaver Inc.

2 Penn Center Plaza, Suite 1702, Philadelphia, Pa. 19102; (215) 972-0888

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$150,000,000
Minimum separate account	$500,000
Tax-exempt clients	34
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	1

Dearden, Maguire & Weaver Inc., a balanced manager, uses a Graham & Dodd approach to equity. Its approach is quality-oriented based upon economic outlook, relative valuation analysis and fundamental and technical data.

Its fixed-income approach, using interest-rate anticipation, is confined to securities with an A rating or better and maturities of seven years or less.

Research is 20% internal; 100 stocks are followed closely and 200, generally. The firm uses options.

James M. Weaver, treasurer, and Alexander A. Maguire, secretary, are the chief investment officers. Edward C. Dearden, president, is the client contact.

Debenham, Tewson & Chinnocks Associates

450 Park Ave., New York, N.Y. 10022; (212) 758-8218

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$260,000,0000
Minimum separate account	$5,000,000
No. of portfolio managers	5
Size of research staff	2

Debenham, Tewson & Chinnocks Associates is a real estate consultant making prime commercial and retail investments throughout the United States offering prospects for growth with security.

The $260 million in tax-exempt assets is for U.K. pension funds.

British Petroleum, WestAmerica and Public Storage are among its tax-exempt clients.

C.J. Wood, partner, is the chief investment officer. T.M. Redfern, associate parnter, is the client contact.

Degnan & Gillespie Fixed Income Management Inc.

45 N. Broad St., Ridgewood, N.J. 07450; (201) 445-4970

Total assets managed	$501,000,000
Tax-exempt assets managed:	
Total	$501,000,000
Fully discretionary	$501,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	9
Types of accounts managed	CEFGJ
No. of portfolio managers	3

Degnan & Gillespie Fixed Income Management Inc. manages only fixed-income accounts. Using interest rate anticipation, it seeks to preserve capital and generate positive, consistent and attractive investment returns over an entire interest rate cycle as well as the longer term.

On Jan. 1, all tax-exempt assets were in cash.

The net gain for 1984 in new tax-exempt business was $39 million, all in fixed income.

Its nine tax-exempt clients include Chevron, United Mine Workers of America, Delaware and University of Notre Dame.

James K. Degnan, president, is the chief investment officer. Mr. Degnan and Douglas R. Gillespie Sr., vice president, are the client contacts.

Delafield Asset Management

63 Wall St., New York, N.Y. 10005; (212) 269-0660

Total assets managed	$358,000,000
Tax-exempt assets managed:	
Total	$304,000,000
Fully discretionary	$304,000,000
Minimum separate account	$500,000
Tax-exempt clients	21
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	4

Delafield Asset Management Inc. is an equity and balanced manager using a low P/E and Graham & Dodd approach to stocks. Its fixed-income emphasis is on preservation of capital through investment in undervalued securities and special situations.

The tax-exempt assets Jan. 1 were 75% in stocks and 25% in cash.

The net gain in new tax-exempt business for 1984 was $27.5 million, all in equities.

General Host, PSA, Republic Automotive and Safeway Stores are among the firm's clients.

Research is 90% internally generated; 75 stocks are followed closely and 225, generally.

J. Dennis Delafield, president, is the chief investment officer and client contact.

Investment management consultants will be profiled Nov. 25.

Delaware Investment Advisers

10 Penn Center Plaza, Philadelphia, Pa. 19103; (215) 751-2935

Total assets managed	$6,425,000,000
Tax-exempt assets managed:	
Total	$6,425,000,000
Fully discretionary	$6,425,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	162
Types of accounts managed	CEFGJ
No. of portfolio managers	13

Delaware Investment Advisers, an equity and fixed-income manager, has a total rate of return equity philosophy emphasizing an absolute rate of return over inflation, preservation of capital, consistency of return and lower than market volatility.

The firm's fixed-income philosophy is to invest in the high-yield segment of the bond market (bonds rated Ba or lower, including unrated issues). The firm views the reinvestment of coupon payments as the dominant portion of total return in bond portfolios.

The tax-exempt asset mix Jan. 1 was 90% stocks and 10% bonds.

The firm netted $173 million in new tax-exempt business for 1984 — $160 million in equities and $13 million in fixed; 15 tax-exempt clients were added.

Clients include Lockheed, General Dynamics, Vermont Teachers and Monsanto.

Research is 35% internally generated; 250 stocks are followed closely and 450, generally.

John H. Durham, chief executive officer, is chief investment officer. Winthrop S. Jessup, vice president, is client contact.

Delta Financial Management

37 Derby St., Hingham, Mass. 02043; (617) 749-8156

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$18,000,000
Fully discretionary	$18,000,000
Tax-exempt clients	18
Types of accounts managed	CFJ
No. of portfolio managers	2
Size of research staff	1

Delta Financial Management Corp., a balanced manager, uses a low P/E and sector rotation approach to equities. Its investment style is value-oriented and conservative, using quantitative analysis of relative price and earnings momentum to identify undervalued and overvalued securities. Its fixed-income approach is passive.

Research is 75% internally generated; 30 stocks are followed closely and 700, generally.

Frank J. Weldon Jr. is the client contact.

D.F. Dent & Co. Inc.

2 E. Read St., Baltimore, Md. 21202; (301) 837-2545

Total assets managed	$127,000,000
Tax-exempt assets managed:	
Total	$44,000,000
Fully discretionary	$44,000,000
International assets managed	$1,300,000
Minimum separate account	$2,000,000
Tax-exempt clients	23
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	1

D.F. Dent & Co. Inc., a balanced manager, uses an emerging growth approach to equity and interest rate anticipation approach to fixed income.

All research originates in-house; 65 stocks are followed closely and 130, generally.

Daniel F. Dent, president, is the chief investment officer. Sutherland C. Ellwood, vice president, is the client contact.

Denver Investment Advisors

633 17th St., Suite 1800, P.O. Box 17487, Denver, Colo. 80217; (303) 293-5588

Total assets managed	$1,390,000,000
Tax-exempt assets managed:	
Total	$1,390,000,000
Fully discretionary	$1,390,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	58
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	6

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New England Mutual Life Insurance Company
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Denver Investment Advisors Inc. is an equity manager with a low P/E and growth stock approach. It focuses on small to medium-sized companies and large-cap mispriced stocks. Both approaches are fundamental.

It uses interest rate anticipation in its fixed-income approach.

The mix of tax-exempt assets Jan. 1 was 60% stocks, 35% bonds and 5% cash.

Last year, the net gain in new tax-exempt business totaled $90 million, of which $50 million was in equities and $40 million in fixed-income. Seven clients were added.

AT&T, Rohm & Haas, Southern California Edison and Northwest Airlines are among the firm's clients.

Research is 70% internal; 130 stocks are followed closely and 200, generally.

Kenneth V. Penland, chairman, is chief investment officer; Dennis E. Larkin, vice president, is client contact.

The firm is a wholly owned subsidiary of First Interstate Bank of Denver.

Dewey Square Investors

1 Financial Center, 7th Floor, Boston, Mass. 02111; (617) 654-6217

Total assets managed	$2,300,000,000
Tax-exempt assets managed:	
Total	$2,300,000,000
Fully discretionary	$2,300,000,000
Real estate assets managed	$230,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	75
Types of accounts managed	CEF
No. of portfolio managers	14
Size of research staff	4

Dewey Square Investors is an equity, fixed-income and balanced manager.

For stocks, it blends equities from two distinct but complementary universes: at least 70% from a value universe and no more than 30% from a growth universe.

For fixed income, it places highest emphasis on maturity structure but maintains 30% to 40% in intermediate maturities (two to 10 years).

Its real estate investments are handled by an outside adviser.

The mix of the tax-exempt assets Jan. 1 was 55% stocks, 25% bonds, 10% cash, 4.3% equity real estate and 5.7% mortgage-backed securities.

For 1984, the net gain in new tax-exempt business totaled $20 million, which was split between equities and fixed income. Four new tax-exempt clients were added.

Ford Motor, Gillette, American Airlines and Emhart are among the firm's 75 tax-exempt clients.

Three-fourths of its research is in-house; 100 stocks are followed closely and 450, generally.

William B. Moody, senior vice president, is the chief investment officer. Caroline R. Brown, marketing coordinator, is the client contact.

The firm is a wholly owned division of the Bank of Boston.

Dietche & Field Advisers Inc.

437 Madison Ave., New York, N.Y. 10022; (212) 752-2047

Total assets managed	$58,000,000
Tax-exempt assets managed:	
Total	$58,000,000
Fully discretionary	$58,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	1

Dietche & Field Advisers Inc. is an equity manager whose strategy is eclectic. It selects the best in various methods and styles, through internal and external research, seeking undervalued situations not well followed and often undergoing some significant change.

One-fourth of its research is generated internally; 50 stocks are followed closely and 100, generally.

Paul C. Dietche, president, is the chief investment officer. Lincoln Field, vice president, is the client contact.

Dillon, Read Capital Inc.

535 Madison Ave., New York, N.Y. 10022; (212) 906-7659

Total assets managed	$844,000,000
Tax-exempt assets managed:	
Total	$844,000,000
Fully discretionary	$844,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	11
Types of accounts managed	CFG
No. of portfolio managers	4

Dillon, Read Capital Inc. is an equity manager whose investment approach involves bottom-up investing in undervalued securities of quality companies, a rigorous sell discipline and active asset allocation to maximize returns and minimize risk.

Interest rate anticipation is the hallmark of its fixed-income approach.

The mix of the tax-exempt assets Jan. 1 was 68% stocks, 19% bonds and 13% cash.

The net gain in new business for 1984 was $34.4 million. Four tax-exempt clients were added.

Frank Russell Trust, Hughes Aircraft, AMF and Illinois Municipal Retirement Fund are among the firm's 11 tax-exempt clients.

Research is 90% internally generated; 2,000 stocks are followed generally.

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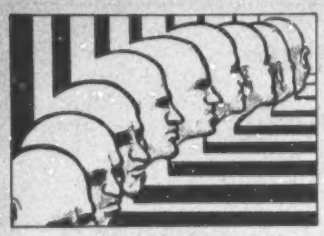

Timothy G. Dalton Jr., president and chief executive officer, is the chief investment officer. David A. Dewey, executive vice president, is the client contact.

Dimensional Fund Advisors

310 S. Michigan Ave., Chicago, Ill. 60604; (312) 663-4350

Total assets managed	$1,538,000,000
Tax-exempt assets managed:	
Total	$1,508,000,000
Fully discretionary	$1,508,000,000
Tax-exempt clients	75
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Dimensional Fund Advisors Inc. is a specialty equity and specialty fixed-income manager.

For its equity accounts, Dimensional has a unique strategy for providing institutional investors with access to small-capitalization stocks.

For fixed-income, it employs a variable maturity strategy. It invests in one- to 24-month obligations and adds value by shifting maturities in that range.

On Jan. 1, its tax-exempt asset mix was 89% stocks and 11% fixed income.

The net gain in new tax-exempt business last year was $808.7 million: $698.3 million in equities and the remainder in fixed; 31 tax-exempt clients were added.

Clients include IBM, General Motors, McDonnell-Douglas and PepsiCo.

Research is 95% internally generated; 700 stocks are followed closely and another 700 generally.

Rex A. Sinquefield, executive vice president, is the chief investment officer. David G. Booth, president, is the client contact.

Disciplined Investment Advisors

1718 Sherman Ave., Suite 304, Evanston, Ill. 60201; (312) 328-6707

Total assets managed	$132,000,000
Tax-exempt assets managed:	
Total	$122,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	3

Disciplined Investment Advisors, an equity manager, uses a Graham & Dodd approach to equity. It uses a proven, very disciplined approach to financial analysis to search for undervalued stocks within the S&P 500.

All assets were in stocks Jan. 1.

The net gain in new tax-exempt business for 1984 was $75 million; one tax-exempt client was added.

All research originates in-house; 500 stocks are followed closely and 2,500, generally.

Eugene M. Lerner is the chief investment officer. Daniel J. Schweihs is the client contact.

Disciplined Portfolio Management Inc.

23 Center St., Chatham, N.J. 07928; (201) 635-0518

Total assets managed	0
Tax-exempt assets managed:	
Total	0
Minimum separate account	$5,000,000
Tax-exempt clients	0
No. of portfolio managers	2

Disciplined Portfolio Management Inc. is a new equity management firm that started in August 1984.

Its investment process is fundamental, systematic and disciplined. Appropriate fundamental, qualitative, quantitative and technical screens identify attractive investments in a totally unemotional, unbiased manner. This process is reinforced by a rigorous sell discipline.

The firm follows 1,000 stocks closely.

Darley T. Randall, managing director, is the chief investment officer. James E. Huttar, vice president-marketing, is the client contact.

A service agreement exists between the firm and Randall-Helms Fiduciary Consultants Inc., a company providing economic and financial forecasting, asset allocation and portfolio review and evaluation services, with assets of $75 billion.

Discount Corporation of New York Advisers

58 Pine St., New York, N.Y. 10005; (212) 248-8989

Total assets managed	$1,800,000,000
Tax-exempt assets managed:	
Total	$1,750,000,000
Fully discretionary	$1,750,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	9
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	7

Discount Corporation of New York Advisers, a fixed-income manager, takes a conservative, but active, approach to fixed-income investment management. Portfolio investments are adjusted to anticipate interest rate movements.

All tax-exempt assets under management Jan. 1 were in cash.

The firm netted $500 million in new tax-exempt business for 1984; three clients were added.

Among its nine tax-exempt clients are Pacific Telesis Group, General Dynamics, J. Paul Getty Trust and The Common Fund.

Patricia W. de Blank, president, is chief investment officer. William J. Callahan, vice president, is client contact.

The firm is a wholly owned subsidiary of Discount Corporation of New York.

Walter M. Dixon Jr. Inc.

P.O. 2768, Roanoke, Va. 24001; (703) 343-9903

Total assets managed	$31,000,000
Tax-exempt assets managed:	
Total	$16,000,000
Fully discretionary	$16,000,000
Minimum separate account	$500,000
Tax-exempt clients	7
Types of accounts managed	CE
No. of portfolio managers	2

This firm, a balanced manager, uses a growth stock approach to equity. It buys primarily medium-sized, high-quality growth companies. Its fixed-income approach is passive, buying primarily high-quality bonds due within five years.

All research originates in-house; 100 stocks are followed closely and 1,200, generally.

Walter M. Dixon Jr., president, is chief investment officer and client contact.

D.J. Investment Advisors

Fox Pavilion, Suite 310, Jenkintown, Pa. 19046; (215) 887-6946

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
Minimum separate account	$300,000
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

D.J. Investment Advisors Inc., a balanced manager, uses a number of unique hedging strategies in its approach to equity, enabling clients to achieve a high return at any given level of acceptable risk. For fixed income it uses interest rate anticipation, shifting emphasis on the yield curve depending on economic and interest rate outlook.

The firm uses options and stock index futures.

David A. Schwerin, president, is the chief investment officer and client contact.

Dodge & Cox Inc.

One Post St., 35th Floor, San Francisco, Calif. 94104; (415) 981-1710

Total assets managed	$2,632,000,000
Tax-exempt assets managed:	
Total	$2,135,000,000
Fully discretionary	$2,135,000,000
Real estate assets managed	$27,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	75
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	9

Dodge & Cox, an equity, fixed-income and balanced manager, stresses fundamental value in its investment approach. It purchases a wide range of stocks selected on the basis of its evaluation of their fundamental value. For fixed income, fundamental research is applied to identify maturities, sectors and securities where incremental returns can be achieved. Extreme positions are avoided.

On Jan. 1, the tax-exempt asset mix was 62% stocks, 33% bonds, 4% cash and 1% equity real estate.

The firm netted $136 million in new tax-exempt business for 1984: $43 million is equities and $93 million in fixed. Five tax-exempt clients were added.

Clients include PacTel, Shell Oil, Stanislaus County and Kaiser Aluminum.

Research is 90% internal; 275 stocks are closely followed and 400 generally.

Joseph M. Fee, president, is chief investment officer. Kenneth E. Oliver, vice president, is client contact.

Dominion Trust Co.

Box 13327, 201 S. Jefferson St., Roanoke, Va. 24040; (703) 563-7765

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$300,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	250
Separate	275
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	2

Dominion Trust Co. offers equity, fixed, balanced, real estate and discretionary cash management capabilities.

Its equity management discipline is value-oriented. In selecting individual securities, it places considerable emphasis on financial strength, low P/E ratios and a high degree of certainty of future earnings growth.

Its fixed-income management discipline emphasizes consistent positive returns. Its decision methodology is based on interest rate forecasting, quality spreads and the duration of the total portfolio.

Of the tax-exempt assets Jan. 1, $50 million was in commingled and $250 million in separate accounts.

The asset mix was 35% stocks, 50% bonds, 5% cash and 10% GICs.

The firm netted $100 million in new tax-exempt business for 1984; 63 tax-exempt clients were added.

Research is 90% internally generated; 300 stocks are followed closely and 2,500, generally.

Peter Dawyot, vice president/asset management division head, is the chief investment officer. Peter D. Hartman, vice president/manager of business development, is the client contact.

Douglas, Noyes & Co. Inc.

50 Broad St., 12th Floor, New York, N.Y. 10004; (212) 669-3043

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$24,000,000
Fully discretionary	$24,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	10
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	1

Douglas, Noyes & Co. Inc. is an equity manager using a growth stock approach. It is risk averse, focusing on companies with superior rates of growth in secular earnings. Losses are minimized by placing equal emphasis on sales.

About 25% of its research originates in-house; 75 stocks are closely followed and 400 generally.

James A.M. Douglas, president, is chief investment officer; Martha Kate Martin, investment associate, is the client contact.

Jansen Noyes Jr., chairman of the board, is also president of Noyes Partners Inc., an NASD firm.

DP Asset Management Inc.

3801 Kennett Pike C304, Wilmington, Del. 19807; (302) 658-7675

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Fully discretionary	$15,000,000
Minimum separate account	$500,000
Tax-exempt clients	8
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	5

DP Asset Management Inc., an equity, balanced and international manager, was founded Jan. 1 after the reorganization of Delfi Management Inc., whose clients are now under DP's supervision.

In equities, it pursues a bottom-up approach, basing portfolio management on individual security selection reflecting a conviction regarding the attractiveness of a particular security relative to alternative investments.

Stressing interest rate anticipation and sector analysis in its fixed-income approach, it places strong emphasis on selecting undervalued individual credits. Heavy emphasis is placed on convertible bond issues. Sector mix may be shifted, based on relative spreads.

Richard V. King, vice chairman, is the chief investment officer. Francis deM. Keen, vice president and secretary, is the client contact.

The firm is jointly owned by Delfi American Corp. and Pierson, Heldring & Pierson N.V., wholly owned by the Amsterdam/Rotterdam Bank. Investment research and other services are purchased from Delfi Management.

Dreman & Embry Inc.

70 Pine St., Suite 4205, New York, N.Y. 10005; (212) 785-0202

Total assets managed	$593,000,000
Tax-exempt assets managed:	
Total	$475,000,000
Fully discretionary	$475,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	64
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	3

Dreman & Embry Inc. is an equity, fixed-income and balanced manager.

In equities, it invests in undervalued, low P/E stocks with high yields and solid fundamentals.

Its conventional fixed-income approach focuses on safety of principal and yield. High opportunity strategy aims for superior returns. Interest rate anticipation is used.

The tax-exempt asset mix Jan. 1 was 66% stocks, 32% bonds and 2% cash.

The firm netted $200 million in tax-exempt business for 1984, $160 million in equities and $40 million in fixed. It added 34 tax-exempt clients.

Alberto-Culver, Colorado FPPA, IMF and Loyola University of Chicago are among its tax-exempt clients.

All its research originates in-house; 100 stocks are followed closely and 500, generally.

David Dreman, managing director, is chief investment officer and the client contact.

Reserve Equity Trust, an equity fund manager, is an affiliate.

Drexel Burnham Lambert Investment Advisors

3 Mellon Bank Center, Philadelphia, Pa. 19106; (800) 331-4262

Total assets managed	$1,300,000,000
Tax-exempt assets managed:	
Total	$760,000,000
Fully discretionary	$760,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	66
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	55

Drexel Burnham Lambert Investment Advisors, an equity, fixed-income and balanced manager, uses a sector rotation approach to equity. It places bets relative to the S&P 500 industry weightings. Stock selection is based on value screens.

For fixed income, it offers active portfolio management, adding value through arbitraging market inefficiencies, trading rallies and corrections around the prevailing trend in cyclical interest rates and varying deviation and quality.

The asset mix Jan. 1 was 55% stocks, 35% bonds and 10% cash.

The net gain in new tax-exempt business for 1984 was $130.5 million; 13 tax-exempt clients were added.

Clients include Brooklyn Union Gas, Philadelphia Electric and Grey Advertising.

Half of its research originates in-house; 95 stocks are followed closely and 300, generally. The firm uses fixed-income futures.

W. Thacher Brown, senior vice president, is chief investment officer. James G. Hesser, vice president, is client contact.

The firm is a subsidiary of the investment banking firm Drexel Burnham Lambert.

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Dreyfus Management Inc.

767 Fifth Ave., New York, N.Y. 10153; (212) 715-6454

Total assets managed	$1,844,000,000
Tax-exempt assets managed:	
Total	$1,844,000,000
Fully discretionary	$1,844,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	49
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	3

Dreyfus Management Inc. is an equity, fixed-income and balanced manager. Its equity approach is value-oriented, low P/E and contrarian, with protection on the downside. It is a blend of top-down/bottom-up management styles with stock selection and the asset mix decision the most important elements, followed by industry or sector weighting.

For fixed income, its strategy is based on anticipated changes in the direction of interest rates and the subsequent positioning of the portfolio along the expected yield curve. It raises cash at the bottom of the secondary interest-rate cycles and reinvests in intermediate-term obligations at the top of those cycles.

As of Jan. 1, the tax-exempt asset mix was 40% stocks, 40% bonds and 20% cash.

The net gain in new tax-exempt business for 1984 totaled $33 million, a $53 million loss in equities being offset by a $86 million gain in fixed.

Clients include Illinois State Teachers, Burlington Northern, National Steel and Con Edison.

Research is 90% internal; 30 to 50 stocks are followed closely and 1,500, generally.

Peter A. Santorielio, president, is chief investment officer. Bruce Kerr, vice president, is client contact.

Dreyfus Management Inc. is a subsidiary of the Dreyfus Corp., which has total assets of $25 billion.

Duff & Phelps Investment Management Co.

55 E. Monroe St., Suite 4000, Chicago, Ill. 60603; (312) 263-2610

Total assets managed	$1,230,000,000
Tax-exempt assets managed:	
Total	$1,040,000,000
Fully discretionary	$1,040,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	25
Types of accounts managed	CEF
No. of portfolio managers	7
Size of research staff	75

Duff & Phelps Investment Management Co., a balanced manager, combines low P/E and high dividend stocks and Graham & Dodd analysis in its equity approach, emphasizing stocks with above average return on equity.

For fixed income, it takes an interest-rate anticipation and sector-analysis approach, stressing preservation of capital and generation of income using high-quality issues.

The tax-exempt asset mix on Jan. 1 was 40% stocks, 55% bonds and 5% cash.

The firm netted $50 million in new tax-exempt business for 1984: $20 million in equities and $30 million in fixed. One tax-exempt client was added.

Its 25 tax-exempt clients include the Arizona State Compensation Fund, Nevada Industrial Insurance System, Ohio State Highway Patrol and Lincoln Foundation.

All research is in-house; 350 stocks are followed closely and 700, generally.

Robert D. Milne, president, is chief investment officer. Richard R. Davis, senior vice president, is client contact.

Duval Management Inc.

4330 Barranca Pkwy, Suite 225, Irvine, Calif. 92714; (714) 857-5477

Total assets managed	$18,000,000
Tax-exempt assets managed:	
Total	$11,000,000
Fully discretionary	$11,000,000
Minimum separate account	$10,000

Duval Management, an equity manager, had all $11 million tax-exempt assets under management in stocks Jan. 1. It uses a market-timing approach.

Last year the firm netted $1 million in new tax-exempt business, all in equities.

Bill Duval, president, is the client contact.

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Eagle Asset Management Inc.

P.O. Box 10520, St. Petersburg, Fla. 33733; (813) 381-3800

Total assets managed	$135,000,000
Tax-exempt assets managed:	
Total	$82,000,000
Fully discretionary	$82,000,000
Minimum separate account	$500,000
Tax-exempt clients	14
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	0

Eagle Asset Management Inc. is an equity manager combining emerging

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growth, low P/E stocks and Graham & Dodd analysis in its approach. The firm is fundamentalist, seeking value and/or emerging growth in the inefficient sectors of the market, with a focus on Sun Belt and Florida companies.

The tax-exempt asset mix Jan. 1 was 68% stocks, 7% bonds and 25% cash.

Clients include state of Florida, Mars Co., Evaluation Associates Small Equity Manager Fund and Fleming & Associates.

Herbert E. Ehlers, president and chief executive officer, is chief investment officer; Don Waechter and Nancy Barlow, vice presidents-marketing, are client contacts.

Eagle is a subsidiary of RJ Financial Corp., a publicly owned financial services firm and broker/dealer, with assets of $207 million.

Eastdil Realty Inc.

40 W. 57 St., New York, N.Y. 10019; (212) 315-7200

Total assets managed	$[illegible]
Tax-exempt assets managed:	
Total	$[illegible]
Fully discretionary	$[illegible]
Real estate assets managed	$[illegible]
Minimum separate account	$[illegible]
Tax-exempt clients	9
Types of accounts managed	CGJ

Eastdil Realty Inc. is a real estate manager whose objective is to provide a creative alternative to the generalist approach to real estate investing. Its strength is matching diverse capital sources with quality projects under innovative investment structures.

The tax-exempt asset mix Jan. 1 was 94% equity real estate and 6% mortgages.

The net gain for 1984 in new tax-exempt business was $360 million.

Clients include TREET, California State Teachers and United Technologies.

Robert T. Davis, executive vice president, is chief investment officer. Donald E. Conover, vice president, is client contact.

Eaton Vance Management

24 Federal St., Boston, Mass. 02110; (617) 482-8260

Total assets managed	$3,156,000,000
Tax-exempt assets managed:	
Total	$901,000,000
Fully discretionary	$866,000,000
International assets managed	$28,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	106
Types of accounts managed	CEFGJ
No. of portfolio managers	16
Size of research staff	14

Eaton Vance Management Inc. is an equity manager concentrating on growth and emerging growth stocks. It invests in a variable range of small to large companies expected to exhibit earnings growth rates above those foreseen for the S&P 500, selected on the basis of valuation, quality, anticipated change and potential price appreciation.

Its fixed-income approach is active, seeking preservation of capital, stability of income and improving yields by varying maturities, coupons and quality, and by sector swapping, arbitrage and interest-rate forecasting.

The tax-exempt asset mix as of Jan. 1 was 66% stocks, 20% bonds and 14% cash.

The net gain in new tax-exempt business for 1984 was 15 clients and $219 million: $200 million in equities and $19 million in fixed.

Clients include Boise Cascade, Maryland Retirement System, Northern Indiana Public Service and U.S. Tobacco.

Research is 80% internal; 300 stocks are followed closely and 3,000, generally.

M. Dozier Gardner, president, is chief investment officer; John H. Wise Jr., vice president, is client contact.

The firm is an affiliate of Eaton Vance Corp., a holding company, with assets of $901 million.

Dale K. Ehrhart Inc.

101 W. Venice Ave., Suite 33, Venice, Fla. 33595; (813) 485-5467

Total assets managed	$87,000,000
Tax-exempt assets managed:	
Total	$33,000,000
Fully discretionary	$33,000,000
Minimum separate account	$100,000
Tax-exempt clients	92
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	2

Dale K. Ehrhart Inc. is an equity manager using low P/E, low debt/equity, high-dividend blue chip stocks and Graham & Dodd analysis. It sells covered calls.

On Jan. 1, its tax-exempt asset mix was 100% in stocks.

Research is 40% in-house; 50 stocks are followed closely and 150, generally.

Dale K. Ehrhart, president, and Thomas B. Trammell, vice president, are the chief investment officers and client contacts.

Eickhoff & Pieper Inc.

201 E. Kennedy Blvd., Suite 1608, Tampa, Fla. 33602; (813) 229-2180

Total assets managed	$26,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$8,000,000
Minimum separate account	$250,000
Tax-exempt clients	22
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	1

Eickhoff & Pieper Inc. is a balanced manager. Its equity approach uses low P/E, Graham & Dodd to identify value in terms of attractive dividend paying stocks whose companies and stocks demonstrate accelerating earnings and price momentum.

It focuses on fundamental quality and safety of principal first in selecting fixed-income securities. Over time it uses shorter to intermediate-term securities to take advantage of sizable shifts in the yield curve.

The tax-exempt asset mix Jan. 1 was 60% stocks, 25% bonds and 15% cash.

John H. Pieper and William A. Eickhoff, principals, are chief investment officers; Mr. Eickhoff is client contact.

Elliott & Page Atlantic Ltd.

Anchorage House, 1869 Upper Water St., Halifax, Nova Scotia B3J 1S9; (902) 423-9367

Total assets managed	$75,000,000
Tax-exempt assets managed:	
Total	$69,000,000
Fully discretionary	$69,000,000
International assets managed	$8,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	4
Types of accounts managed	CE
No. of portfolio managers	2

Elliott & Page Atlantic Ltd., a balanced Canadian manager, takes a bottom-up approach, company selection equity approach. The firm is a stock picker, using fundamental, value-oriented company analysis.

For fixed income, the firm emphasizes quality and marketability of positions. The term of the portfolio is changed according to the firm's interest rate outlook.

The tax-exempt asset mix Jan. 1 was 40% Canadian stocks, 35% bonds, 15% cash and 10% U.S. stocks.

New Brunswick Telephone, Northlake Shipping and Halifax are among its tax-exempt clients.

G. Peter Marshall, president, is chief investment officer; he and R.G. McKim are the client contacts.

Elliott & Page Ltd., Toronto, owns 25% of the firm.

Elliott & Page Ltd.

Suite 1120, 120 Adelaide St. W., Toronto, Ontario M5H 1V1; (416) 365-8300

Total assets managed	$2,525,000,000
Tax-exempt assets managed:	
Total	$467,000,000
Fully discretionary	$467,000,000
U.S. assets managed	$15,000,000
Real estate assets managed	$61,000,000
Minimum separate account	$500,000
Tax-exempt clients	17
Types of accounts managed	CEFU
No. of portfolio managers	10
Size of research staff	7

Elliott & Page Ltd., a Canadian manager, handles equity, fixed-income and balanced accounts.

Its equity management places primary emphasis on bottom-up, value-oriented stock selection. Some emphasis also is placed on sector rotation and market timing.

The fixed-income approach is based on interest rate anticipation, with a strong emphasis on quality and liquidity.

On Jan. 1, the tax-exempt asset mix was 36% Canadian stocks, 30% bonds, 24% cash and 10% U.S. stocks.

David Scott, president, is the chief investment officer. Morton Patrontasch, senior vice president, is the client contact.

Richard Ellis Inc.

350 Park Ave., New York, N.Y. 10022; (212) 355-4810

Total assets managed	$974,000,000
Tax-exempt assets managed:	
Total	$102,000,000
Real estate assets managed	$102,000,000
Minimum separate account	$30,000,000
Tax-exempt clients	55
Types of accounts managed	CG

Richard Ellis Inc., a real estate manager, acquires real estate that provides strong, sustained rental growth and long-term appreciation. Maximum value is achieved through professional asset management of individual properties and the overall portfolio.

On Jan. 1 the tax-exempt asset mix was 100% equity real estate. It handles $747 million in tax-exempt assets from foreign pension funds.

The firm netted $233 million and three clients in new tax-exempt business in 1984.

Clients include San Bernardino Country Employees, St. Paul Properties, U.K.-American Properties and Imperial Group Pension Fund.

Christopher D. Budden, president, is the chief investment officer. Terry P. Noyer, senior vice president, San Francisco, and David Hodes, vice president, New York, are the client contacts.

E.M.G. Advisors Inc.

1960 Bronson Road, Fairfield, Conn. 06430; (203) 255-5701

Total assets managed	$106,000,000
Tax-exempt assets managed:	
Total	$51,000,000
Fully discretionary	$51,000,000
Real estate assets managed	$25,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	7
Types of accounts managed	CEG
No. of portfolio managers	3
Size of research staff	1

E.M.G Advisors Inc. is a fixed-income manager.

The asset mix Jan. 1 was 50% variable rate CDs and 50% mortgage-backed securities.

Stauffer Chemical, Arnold Foods Inc., Babcock International and Page AvJet are among its clients.

It manages pension portfolios for two savings and loan associations and one savings bank.

Research is 80% internally generated.

Eben M. Graves is the chief investment officer. Paul Hood and Henry Hatch are the client contacts.

E.M. Graves & Co. Inc., a pure research firm, has common ownership and employees.

Endowment Management & Research Corp.

77 Franklin St., Boston, Mass. 02110; (617) 357-8480

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$1,400,000,000
Fully discretionary	$1,400,000,000
Minimum separate account	$10,000,000
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	9

Endowment Management & Research's equity approach combines growth stock and sector rotation techniques. It purchases equities about to have a positive change in earnings momentum and remain fairly valued by the market.

For fixed income, the firm's management techniques combine yield curve and credit analysis with sector opportunities to build portfolios.

Stephen D. Cutler, executive vice president, is the chief investment officer. Brooks H. Sawyer, vice president, is the client contact.

Equitable Bank

100 S. Charles St., Baltimore, Md. 21201; (301) 547-4683

Total assets managed	$686,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$126,000,000
Real estate assets managed	$3,000,000
Minimum separate account	$500,000
Types of accounts managed	CEFGJ
No. of portfolio managers	9

Equitable Bank offers equity, fixed and balanced capabilities.

Its equity approach is based on sector rotation; its fixed-income philosophy is traditional.

Of the total tax-exempt assets Jan. 1, $35 million was in commingled and $105 million in separate accounts.

The asset mix was 70% stocks and 30% bonds.

Clients include Maryland School for the Blind and JFK Institute.

Half its research originates in-house; 185 stocks are followed closely and 185, generally.

Lee Seabolt, vice president, is the chief investment officer. Howard S. Bernheim, assistant vice president, is the client contact.

Equitable Investment Management Corp.

Park Avenue Plaza, 55 E. 52nd St., 37th Floor, New York, N.Y. 10055; (212) 407-9204

Total assets managed	$7,701,000,000
Tax-exempt assets managed:	
Total	$7,316,000,000
Fully discretionary	$7,313,000,000
International assets managed	281,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	28
Types of accounts managed	CFG
No. of portfolio managers	14
Size of research staff	16

Equitable Investment Management Corp. has equity, fixed-income and balanced capabilities.

For equity investment, the firm uses growth stocks, looking for superior earnings growth at attractive valuations. Its investment process emphasizes stock selection based on extensive in-house research. Flexibility is keyed to changes in growth/value relationships.

For fixed income, the firm manages for value within a client's duration constraints. It uses interest rate anticipation where clients allow.

The asset mix Jan. 1 was 68.7% stocks, 10.3% bonds and 21% cash.

The firm had a net new business loss of $325.7 million in 1984.

Most research is generated internally; it follows 300 stocks closely and 800, generally. Options are used.

Clients include AT&T, Upjohn, Marathon Oil and New York Common.

Franklin Kennedy III, managing director and portfolio manager, is chief investment officer; Dennis M. Kass, managing director, is client contact.

The firm is a wholly owned subsidiary of Equitable Life Assurance Society of the United States.

Equitable Life Assurance Society of United States

1285 Avenue of the Americas, New York, N.Y. 10019; (212) 554-1234

Total assets managed	$28,000,000,000
Tax-exempt assets managed:	
Total	$21,300,000,000
Fully discretionary	$21,300,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	21
Size of research staff	16

The Equitable Life Assurance Society of the United States and its subsidiaries provide equity, fixed-income, balanced and real estate capabilities. Timber, international and stock index option funds are offered.

Of the tax-exempt assets Jan. 1, $13.3 billion was in GICs.

Clients include Sun Co., AT&T, ITT and Idaho.

Leo M. Walsh Jr., executive vice president, is the chief investment officer.

Nicholas A. Lopardo, senior vice president, is the client contact at (212) 315-7759.

Equitable Life has four investment arms: Alliance Capital Management, Wood Struthers & Winthrop (a subsidiary of Donaldson, Lufkin & Jenrette), Equitable Investment Management Corp., and Equitable Real Estate Investment Management. Overall, the parent and its subsidiaries oversee $77 billion, $49 billion of which is tax exempt.

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Equitable Real Estate Investment Management

1285 Avenue of the Americas, New York, N.Y. 10019; (212) 554-4213

Total assets managed	$20,400,000,000
Tax-exempt assets managed:	
Total	$3,727,000,000
Fully discretionary	$3,560,000,000
Tax-exempt clients	275
Types of accounts managed	CEFGJ
No. of portfolio managers	7

Equitable Real Estate Investment Management, which is based in Atlanta, has $3.7 billion in tax-exempt assets under management, not including its parent's general account assets. Of that, $2.9 billion was in pooled and $780 million in individual accounts.

Overall, this subsidiary of Equitable Life Assurance Society of the United States oversees $20.4 billion in real estate assets, including taxable clients and its parent's general account holdings.

Its investment approach seeks attractive, long-term stable rates of return by acquiring equity ownership in diversified, quality, well-located properties with the potential for growth of rental income and value appreciation.

It gained $511 million in new tax-exempt business last year.

Key investment personnel are George R. Peacock, chairman and chief executive officer; George R. Puskar, president and chief operating officer; and Harry D. Pierandri, executive vice president. Joyce R. Frater, senior vice president, is the client contact.

Equitec Institutional Realty Advisors

7677 Oakport St., Oakland, Calif. 94614; (415) 430-9900

Total assets managed	$1,036,000,000
Tax-exempt assets managed:	
Total	$36,000,000
Fully discretionary	$36,000,000
Real estate assets managed	$36,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	5
Types of accounts managed	C

Equitec Institutional Realty Advisors is a real estate manager with a proactive approach to acquisitions, management and dispositions. Properties are managed by Equitec employees.

Its asset mix on Jan. 1 was 100% equity real estate.

The firm netted $36 million and five clients in new tax-exempt business for 1984.

Clients include K mart, Boise Cascade, Nalco Chemical Corp. and Outboard Marine Corp.

Don Jackson, vice president, is chief investment officer and client contact.

The firm is a wholly owned subsidiary of the parent company, Equitec Financial Group Inc., whose assets totaled $2 billion on Jan. 1.

Estabrook Capital Management Inc.

29 Broadway, New York, N.Y. 10006; (212) 742-1717

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$410,000,000
Fully discretionary	$410,000,000
Minimum separate account	$500,000
Tax-exempt clients	110
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Estabrook Capital Management Inc. is an equity and balanced manager. In equities, it uses sector rotation and Graham & Dodd. Its approach is defensive and oriented toward positive absolute performance. It times markets to limit downside risk. It is value-oriented but pragmatic as to sector and selection.

Using interest rate anticipation for fixed-income, it limits risk by using only the highest quality securities and by carefully controlling maturity risk.

The tax-exempt asset mix Jan. 1 was 60% stocks, 35% bonds and 5% cash.

The firm netted 32 new clients and $125 million in new tax-exempt business for 1984: $100 million in equities and $25 million in fixed.

Clients include Gulf Oil, Bucyrus Erie, Curtiss Wright and Facet Enterprises.

Research is 35% internal; 150 stocks are closely followed and 300, generally. The firm uses options.

Charles T. Foley, president, is chief investment officer. Gary W. Wood, executive vice president, is client contact.

Euclid Partners Corp.

50 Rockefeller Plaza, New York, N.Y. 10020; (212) 489-1770

Total assets committed	$42,000,000
Tax-exempt assets committed	$0

Euclid Partners, a venture capital firm founded in 1984 as a successor to a partnership formed in 1970, prefers to invest in start-up to pre-public offering companies. It doesn't have geographical or industry preferences.

The funds it operates and the amount in each are: Euclid Partners I, with $20 million (in liquidation); and Euclid Partners II LP, $22 million.

The principles are Milton J. Pappas; Jeffrey T. Hamilton; A. Bliss McCrum Jr. and Vivian Lee. Mr. Pappas is the client contact.

European-American Securities Inc.

333 Market St., 32nd Floor, San Francisco, Calif. 94105; (415) 982-5200

Total assets managed	$18,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Minimum separate account	$250,000
Tax-exempt clients	5
Types of accounts managed	CEGJ
No. of portfolio managers	2

European-American Securities Inc. specializes in venture capital and international merchant banking activities.

All assets were in venture capital Jan. 1.

Fifteen percent of research is internally generated.

Lawrence E. Nerheim, chairman, and chief executive officer, is chief investment officer and client contact.

Evans & Moxon Capital Management Inc.

19 S. Main St., Yardley, Pa. 19067; (215) 493-0500

Total assets managed	$51,000,000
Tax-exempt assets managed:	
Total	$51,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	16
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Evans & Moxon Capital Management Inc. is an equity, fixed-income and balanced manager.

The firm's equity philosophy emphasizes medium-sized growth companies ($100 million to $1 billion) within industries experiencing above average growth. Turnover averages 25% annually.

Its fixed-income performance objective seeks to better market return by 2% to 3% annually through yield curve and yield spread analysis. Primary components of long-term returns are receipt and reinvestment of income.

John S. Moxon, president, is chief investment officer. Joseph M. Evans Jr. vice president, is client contact.

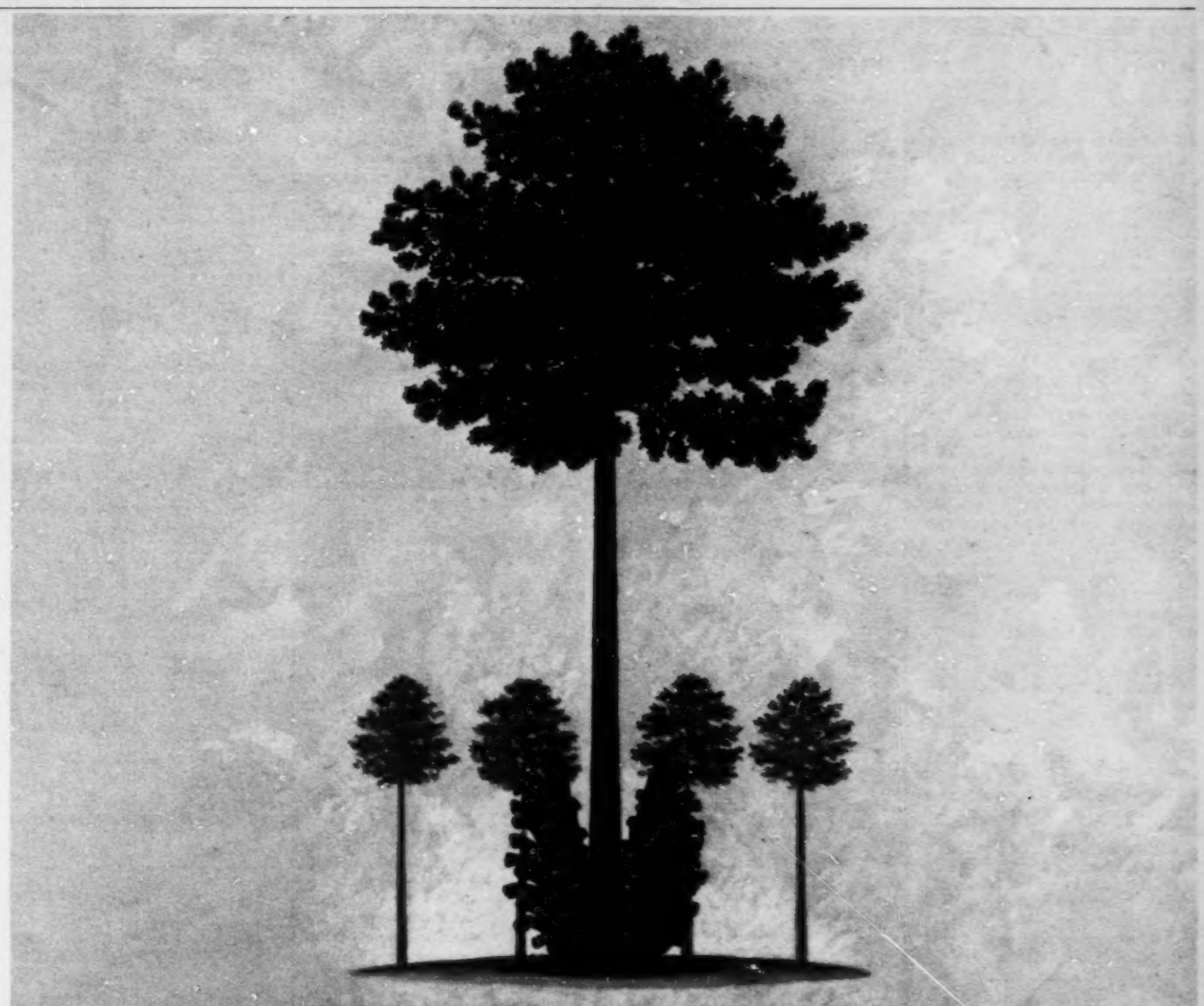
Excalibur Management Corp.

20 Kilby St., Boston, Mass. 02109; (617) 367-1187

Total assets managed	$159,000,000
Tax-exempt assets managed:	
Total	$45,000,000
Fully discretionary	$45,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	10
Types of accounts managed	CF
No. of portfolio managers	6

Excalibur Management Corp., a balanced manager, uses a Graham & Dodd approach to equity. Stocks are evaluated within developing monetary/economic conditions and individual selections on a value-oriented screening discipline.

Fixed-income investments are limited to governments, with maturities no longer than 10 years; individual selections are made based on yield curve analysis with judgments of the monetary/economic environment.



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The asset mix was 60% bonds, 35% stocks and 5% cash Jan. 1

The net gain in new tax-exempt business for 1984 was $71 million.

Michael Delduchetto, president, is chief investment officer. John Beeten, vice president, is client contact.

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Farmer & Lang Inc.

8307 Dunwoody Place, Atlanta, Ga. 30338; (404) 993-4181

Total assets managed	$58,000,000
Tax-exempt assets managed:	
Total	$45,000,000
Fully discretionary	$45,000,000
Minimum separate account	$100,000
Tax-exempt clients	155
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	2

Farmer & Lang Inc., an equity manager, combines value selection and market timing in its equity approach.

The asset mix Jan. 1 was 90% stocks and 10% cash.

Robert B. Lang is the chief investment officer and client contact.

Favia Hill & Associates Inc.

30 Rockefeller Plaza, New York, N.Y. 10112; (212) 621-2051

Total assets managed	$8,165,000,000
Tax-exempt assets managed:	
Total	$8,115,000,000
Fully discretionary	$8,115,000,000
Tax-exempt clients	151
Types of accounts managed	CEFGJ
No. of portfolio managers	17
Size of research staff	1

Favia Hill & Associates Inc. is an equity, fixed-income and balanced manager. Its equity approach relies on growth stocks and sector rotation. Equities selected for portfolios must meet value criteria as determined by a valuation screen.

Combining interest rate anticipation and sector analysis for fixed-income, its style emphasizes intermediate maturity sector and investment in high-quality issues. Average maturity ranges from six to 10 years. Active management takes advantage of bond market inefficiencies.

The asset mix Jan. 1 was 60% bonds, 30% stocks and 10% cash.

The firm had a net loss of $760 million in tax-exempt business for 1984, all in equities. Five tax-exempt clients were added.

Clients include New York City Teachers, AT&T, Texas Gas Transmission and American Cancer Society.

Half its research is in-house; 200 stocks are closely followed and 1,000, generally.

Options and stock index and fixed-income futures are used. Proprietary research is provided by Chemical Bank's investment research staff of six.

James A. Favia, president, is chief investment officer. Erich G. Weissenberger Jr., vice president, is client contact.

The firm is an independent affiliate of Chemical Bank.

Florence Fearrington Inc.

90 Broad St., New York, N.Y. 10004; (212) 480-3020

Total assets managed	$35,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	5
Types of accounts managed	CF
No. of portfolio managers	1

Florence Fearrington Inc. is an equity manager with a value approach to equity investments. It purchases only individual securities when they appear distinctly undervalued in the marketplace in relationship to analysis of their intrinsic value.

Its fixed-income approach is passive.

Florence Fearrington, president, is chief investment officer and client contact.

Federated Investment Counseling Inc.

421 Seventh Ave., Pittsburgh, Pa. 15219; (412) 288-6303

Total assets managed	$1,935,000,000
Tax-exempt assets managed:	
Total	$162,000,000
Fully discretionary	$149,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	18
Types of accounts managed	CEF
No. of portfolio managers	8
Size of research staff	13

Federated Investment Counseling Inc. is an equity, fixed-income and balanced manager. It is a value-oriented equity manager concentrating in large-capitalization, high-quality stocks with a moderate asset allocation decision.

Using an interest rate anticipation approach, it manages fixed-income accounts based on duration with a range between three and five years.

The tax-exempt asset mix Jan. 1 was 47% stocks, 45% bonds and 8% cash.

Clients include Titanium Metals, IC Industries and Hanna Mining.

Research is 75% in-house; 80 stocks are closely followed and 800, generally.

Henry J. Gailliot is chief investment officer; John B. Fisher is client contact.

The firm is a subsidiary of Federated Investors Inc., which is 87% owned by Aetna Life & Casualty. Total assets of parent and subsidiaries was $30 billion Jan. 1.

Ferris Investment Advisory

1720 Eye Street, N.W., Washington, D.C. 20006; (202) 429-3658

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Fully discretionary	$21,000,000
Minimum separate account	$350,000
Tax-exempt clients	29
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	2

Ferris Investment Advisory is a balanced manager. Stocks purchased have valuation underpinning — some combination of low multiple, high asset value, high yield, low price/sales ratio. Representation in both small and large capitalization issues is favored.

Its fixed-income approach is passive; investments are used primarily to meet income or future funding requirements and to provide stability in portfolios during periods of anxiety in the equity markets.

On Jan. 1, the tax-exempt asset mix was 62% stocks, 32% bonds and 6% cash.

Clients include George Preston Marshall Trust, Insituform East, Greater Southeast Community Hospital and Grossberg, Yochelson, Fox & Beyda.

Daniel G. Shannon, vice president, is chief investment officer. Bonita Carter Patteson, vice president, is client contact.

The firm is an affiliate of Ferris & Co. Inc., a regional brokerage firm.

F.I.A. Associates

2045 Hallmark Dr., Suite 4, Sacramento, Calif. 95825; (916) 920-4051

Total assets managed	$1,343,000,000
Tax-exempt assets managed:	
Total	$1,343,000,000
Real estate assets managed	$1,273,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	4
Types of accounts managed	GJ

F.I.A. Associates, a real estate manager, focuses on the production and maintenance of a high-quality real estate portfolio with appropriate risk/yield relationships — well-diversified as to geography, property types and investment vehicles with emphasis on constant management of assets.

Its tax-exempt asset mix Jan. 1 was 69% convertible and/or participating mortgages, 26% equity real estate and 5% cash.

The net gain in new business was $899 million in 1984. One new client was added.

Clients include California Public Employees, Utah State Retirement Board and Texas Teachers.

H. James Griggs, president, is chief investment officer. Vernon Bennett, executive vice president, is client contact.

The firm is owned by First Federal Savings and Loan Association of Arizona, of which it is a division. Parent and subsidiary assets totaled $1.3 billion Jan. 1.

Fidelity Bank

Broad & Walnut Sts., Philadelphia, Pa. 19109; (215) 985-6000

Total assets managed	$4,460,000,000
Tax-exempt assets managed:	
Total	$1,765,000,000
Fully discretionary	$992,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	700
Separate	162
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	7

Fidelity Bank offers equity, fixed, balanced and real estate capabilities. It also handles special equity using arbitrage pricing theory.

Its in-depth fundamental equity analysis seeks changes in the company, industry and economic conditions. Graham & Dodd analysis is used.

Its active, aggressive fixed-income approach uses strict economic disciplines to determine when to lengthen or shorten maturity structures.

The asset mix was 40% stocks, 49% bonds, 10% cash and 1% mortgages.

Clients include Pennsylvania State, IBEW #98, Teamsters' Joint Council #53 and ICMA.

Research is 75% internally generated; 300 stocks are followed closely and 800, generally. Options are used.

John M. Convery, senior vice president, is the chief investment officer. Alan T. Yuhas, vice president, is the client contact.

Latimer & Buck is its wholly owned real estate subsidiary. Combined assets total $5.6 billion.

Fidelity International Investment Advisors Ltd.

68 Devonshire St., Boston, Mass. 02109; (617) 570-6330

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$1,000,000,000
Fully discretionary	$1,000,000,000
International assets managed	$850,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	24
Types of accounts managed	CF
No. of portfolio managers	12
Size of research staff	8

Fidelity International Investment Advisors Ltd. is an international equity manager whose approach is active asset allocation based on a top-down economic and political outlook. Portfolio managers in regional offices select securities within the country. Country allocation decisions are made by the investment policy committee.

The tax-exempt asset mix Jan. 1 was 97% stocks and 3% cash. All $850 million invested in international markets was in stocks.

The net gain in new tax-exempt business for 1984 was $70 million. Three new clients were added.

Clients include IBM, Standard Oil (Indiana), GTE and Sun Co..

James E. Tonner, managing director, is chief investment officer. William B. Fink, vice president, is client contact.

The firm is a wholly-owned subsidiary of Fidelity International Ltd., whose assets total $2.9 billion.

Fidelity Management Trust Co.

82 Devonshire St., Boston, Mass. 02109; (617) 570-6902

Total assets managed	$1,762,000,000
Tax-exempt assets managed:	
Total	$1,704,000,000
Fully discretionary	$1,704,000,000
International assets managed	$31,400,000
Minimum separate account	$20,000,000
Tax-exempt clients	49
Types of accounts managed	CEFG
No. of portfolio managers	7
Size of research staff	29

Fidelity Management Trust Co., an equity manager, uses two primary equity disciplines. Its income-managed discipline is characterized by high yield, low P/E and below-market beta. Its earnings growth discipline is characterized by above-average, long-term earnings growth and near-term earnings momentum.

The mix of tax-exempt assets Jan. 1 was 90.8% stocks, 6.8% bonds and 2.4% cash. International investments were $30.9 million stocks and $500,000 cash.

The firm netted $461 million in new tax-exempt business in 1984, all in equities. Eighteen clients were added.

Clients include Eastman Kodak, Ford Motor, Illinois Municipal and General Motors.

Research is 60% in-house; 500 stocks are closely followed and 750, generally.

Richard T. O'Rourke, executive vice president, is chief investment officer; Edward E. Madden, executive vice president, is client contact.

The firm is a subsidiary of FMR Corp., parent company of financial service companies. Total assets under management by parent and subsidiaries is $27 billion.

Fiduciary Counsel Inc.

40 Wall St., New York, N.Y. 10005; (212) 344-6400

Total assets managed	$657,000,000
Tax-exempt assets managed:	
Total	$155,000,000
Fully discretionary	$145,000,000
Real estate assets managed	$20,000,000
Minimum separate account	$500,000
Tax-exempt clients	37
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	5

Fiduciary Counsel Inc. provides customized service to client objectives, applying various equity and fixed-income strategies.

The mix of the tax-exempt assets Jan. 1 was 69.7% stocks, 12.9% bonds, 12.9% equity real estate and 4.5% cash.

The net gain in new tax-exempt business for 1984 was $1.4 million in equities.

Clients include Pressley Ridge School, Third Presbyterian Church, Pittsburgh Presbytery and General Computer Interfaces Inc.

All research originates internally; 500 stocks are followed closely and 5,000, generally.

Andrew E. Beer, president, is chief investment officer. Jack R. Orben, chairman, is client contact.

Fiduciary Management Associates

135 S. LaSalle St., Suite 3310, Chicago, Ill. 60603; (312) 930-6850

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$275,000,000
Fully discretionary	$275,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	79
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	6

Fiduciary Management Associates is an equity, fixed-income and balanced manager. Combining growth and low P/E stocks and sector rotation with a top-down, macroeconomic equity approach, the firm invests in well-managed, value-oriented companies it predicts will profit from economic trends.

Sector analysis and interest rate anticipation comprise its fixed-income approach. It uses active bond management with a top-down approach, varying sector exposure and taking advantage of interest rate and yield spread changes.

The mix of the tax-exempt assets was 65% stocks, 30% bonds and 5% cash Jan. 1.

The firm netted $113 million in new tax-exempt business for 1984; $80 million in equities and $33 in fixed income. It added 27 tax-exempt clients.

TransAmerica, Cornell College Endowment, Milwaukee Area Retail Clerks and Children's Home and Aid Society are among its clients.

Half its research originates in-house; 30 to 40 stocks are followed closely and 120, generally. The firm uses options.

Philip Arnold, president, is chief investment officer; Robert F. Carr III, chairman of the board, is client contact.

Fiduciary Trust Co. of New York

2 World Trade Center, New York, N.Y. 10048; (212) 466-4100

Total assets managed	$8,500,000,000
Tax-exempt assets managed:	
Total	$8,500,000,000
Fully discretionary	$3,145,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	146
Types of accounts managed	CEFGJ
No. of portfolio managers	16
Size of research staff	9

Fiduciary Trust Co. of New York handles equity, fixed-income, balanced and international accounts.

For equities, it practices sector rotation of growth stocks. It invests internationally and therefore classifies itself as a global asset allocator.

Its fixed-income strategy includes interest rate anticipation, sector analysis and a concentration on intermediate-bond management.

It also consults and invests for clients in various real estate funds.

The asset mix Jan. 1 was 45% stocks, 45% bonds, 5% cash and 5% real estate.

The net gain in new tax-exempt business for 1984 was $186 million, all in fixed income; 15 tax-exempt clients were added.

Clients include American Red Cross, Automobile Club of Southern California, United Nations and Arizona.

Half of its research originates in-house; 400 stocks are followed closely.

Jeremy H. Biggs, executive vice president, is the chief investment officer. Preston S. Smith, assistant vice president, is the client contact.

Fielding Management Co.

183 E. Main St., Rochester, N.Y. 14604; (716) 232-6930

Total assets managed	$55,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$200,000
Tax-exempt clients	20
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Fielding Management Co. Inc. is a convertible bond manager investing in conservative growth stocks with market-or-below P/Es. Companies must have at least four of the following attributes: proprietary pricing; patent protection; high barriers to entry; low fixed costs: worker ownership; proprietary technology; and few substitutes.

Half the research is done in house; 60 stocks are followed closely and 200, generally. The firm uses options.

Ronald H. Fielding, president, is chief investment officer; Michael S. Rosen, vice president, is client contact.

The Fields Investment Group

1500 Kearns Blvd., Suite F304, Park City, Utah 84060; (801) 649-1304

Total assets managed	$55,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Minimum separate account	$250,000
Tax-exempt clients	5
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

The Fields Investment Group is an equity manager combining sector rotation and Graham & Dodd analysis. The firm considers fundamental analysis to be essential, but also sees its evaluation of the economy and the market as important.

Its fixed-income approach is passive. It does not attempt to "play" the yield curve on a short-term basis. It does, however, realign its bond portfolio when it anticipates a major economic change.

The mix of the tax-exempt assets was 50% stocks, 20% bonds and 30% cash Jan. 1.

Clients include Briggs & Stratton, Milwaukee Electric Tool Co., Robbins & Myers and Tension Envelope Co.

Randall K. Fields, president, is chief investment officer. John E. Brereton, vice president, is client contact.

Fifth Third Bank

Department 00650, Fifth Third Center, Cincinnati, Ohio 45263; (513) 579-5493

Total assets managed	$2,375,000,000
Tax-exempt assets managed:	
Total	$1,070,000,000
Fully discretionary	$1,070,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	300
Separate	208
Types of accounts managed	CEFJ
No. of portfolio managers	12

Fifth Third Bank offers equity, fixed, balanced and real estate capabilities.

Its equity approach stresses high quality, underrecognized and institutionally underowned common stocks, particularly in the midcapitalization range. Characteristics sought are low P/E, low market/book value, low debt/equity growth stock and above average dividend yield.

Its fixed-income approach minimizes total portfolio volatility. Approximately 75% consists of Treasury/agency bonds, maturities of five to seven years, minimum quality single-A, weighted average quality AA.

William F. Bahl vice president and trust officer, is the chief investment officer. Timothy J. Lysaght, development officer, is the client contact.

Financial Aims Corp.

Box 5015 Davidson Bldg., Great Falls, Mont. 59403; (406) 727-6111

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$29,000,000
Fully discretionary	$29,000,000
Minimum separate account	$300,000
Tax-exempt clients	33
Types of accounts managed	CEFG
No. of portfolio managers	1
Size of research staff	2

Financial Aims Corp., a balanced manager, combines growth and low P/E stocks, sector rotation, Graham & Dodd analysis and market timing in its equity approach.

It uses interest rate anticipation in its fixed-income strategy.

The mix of tax-exempt assets under management Jan. 1 was 55% bonds, 35% stocks and 10% cash.

William S. MacFadden Jr., is chief investment officer and client contact.

The firm is a wholly owned subsidiary of D.A. Davidson & Co.

Financial Trust Co.

6312 S. Fiddler's Green Circle, Englewood, Colo. 80111; (303) 779-1233

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$47,000,000
Fully discretionary	$47,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	8
Size of research staff	1

Financial Trust Co. is a non-diversified equity manager with a rotational industry emphasis based on strong earnings.

The firm uses a sector analysis approach to fixed income, emphasizing investment in bonds that appear undervalued on either a short- or long-term basis. Industries with attractive credit prospects are emphasized.

The mix of the tax-exempt assets under management Jan. 1 was 95% stocks, 3% bonds and 2% cash.

National Gypsum is one of its clients.

Josiah J. Willard III, senior vice president and director of investment research, is the chief investment officer. Kenneth J. Ruder, vice president, is the client contact.

The firm is a wholly owned subsidiary of Financial Programs Inc.

First of America Bank Corp. Trust & Investment Group

108 E. Michigan Ave., Kalamazoo, Mich. 49007; (616) 383-9207

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$314,000,000
Fully discretionary	$314,000,000
Minimum separate account	$500,000
Tax-exempt clients	865
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	3

First of America Bank Corp. offers equity, fixed and balanced capabilities.

Its relative valuation equity approach is systematic and disciplined, using its proprietary VEFT model that analyzes quantitative characteristics of a low P/E stock universe in terms of value and earnings momentum, fundamentals and technical characteristics.

Its active bond management emphasizes internal analysis based on objective screening, including analysis of maturity of yield curve, economic sectors, issue selection, duration and simulation.

Of the tax-exempt assets Jan. 1, $134 million was in commingled and $179.5 million in separate accounts.

The asset mix was 36% stocks, 59% bonds and 5% cash.

Samuel G. Stone, vice president and director-investment division, is the chief investment officer. Phillip P. Deutsch, vice president and director-trust, marketing and business development, is the client contact.

The bank delivers services through seven other locations.

First of America Investment Management

5052 Sprinkle Road, P.O. Box 4034, Kalamazoo, Mich. 49003-4034; (616) 383-9213

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$390,000,000
Fully discretionary	$390,000,000
International assets managed	$40,000,000
Minimum separate account	$2,500,000
Tax-exempt clients:	
Commingled	150
Separate	35
Types of accounts managed	CEPGJ
No. of portfolio managers	3
Size of research staff	2

First of America Investment Management offers equity, fixed and balanced capabilities, taking a disciplined, value-oriented approach to the market.

Its equity approach emphasizes stock selection, using a proprietary computer model. It uses a low P/E universe multidimensionally ranked and scored on value, earnings momentum and projected growth.

For fixed income, the emphasis is on a security selection process based on screening security and issuer characteristics.

Research is 90% internally generated; 70 stocks are followed closely and 500, generally.

J. Russell Leonard and Craig A. VanderMalen, vice presidents, are the chief investment officers. Mr. Leonard is also the client contact.

First Asset Management

120 S. Sixth St., Minneapolis, Minn. 55480; (612) 370-5293

Total assets managed	$1,929,000,000
Tax-exempt assets managed:	
Total	$1,586,000,000
Fully discretionary	$1,453,000,000
Real estate assets managed	$50,000,000
Minimum separate account	$5,000,000
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	5

First Asset Management handles equity, fixed-income, balanced and real estate investments.

Graham & Dodd analysis and sector rotation are combined in its equity approach. Interest rate anticipation is used in fixed income.

The asset mix Jan. 1 was 30.6% stocks, 35.8% bonds, 24.8% cash, 1.4% equity real estate and 7.4% GICs.

The firm had a net loss of $20 million in new tax-exempt business for 1984; two tax-exempt clients were added.

Research is 30% internally generated. 150 stocks are followed closely and 250, generally. Options and stock index and fixed-income futures are used.

John Murphy is the chief investment officer.

First Bank Milwaukee

201 W. Wisconsin Ave., Milwaukee, Wis. 53259; (414) 278-6060

Total assets managed	$155,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Fully discretionary	$85,000,000
Real estate assets managed	$3,000,000
Minimum separate account	$100,000
Tax-exempt clients:	
Commingled	131
Separate	89
Types of accounts managed	CFJ
No. of portfolio managers	3

First Bank Milwaukee offers equity, fixed, balanced and real estate capabilities.

Its bottom-up equity approach seeks relative undervaluation and underowned equities. Technical analysis is used for buy/sell programs. Sector rotation and market timing also are used.

Its active, fixed-income portfolio management approach emphasizes timely shifts of maturity structure over the course of interest rate cycles.

Clients include Catholic Knights Insurance Society, Milwaukee Chaplet & Manufacturing, Payco-General American Credits and Metalfab.

Richard R. Jandrain, vice president, is chief investment officer. Merl B. Case, vice president, is client contact.

First Boston Asset Management Corp.

Tower 49, 12 E. 49th St., New York, N.Y. 10017; (212) 909-4525

Total assets managed	$0
Minimum separate account	$20,000,000
No. of portfolio managers	4

First Boston Asset Management, a new firm, offers equity, fixed-income and balanced capabilities.

Its equity objective is to pay a low multiple of earnings and earnings growth for a low price to asset value using fundamental analysis in each case. Graham & Dodd analysis is used to locate low P/E growth stocks.

It offers a full range of fixed-income products, from active management to immunization. Interest rate anticipation is used.

Michael F. Holland, president a chief executive officer, is chief investment officer and client contact.

The firm is a wholly owned subsidiary of First Boston Inc.

First Chicago Investment Advisors

3 First National Plaza, Chicago, Ill. 60670; (312) 732-6474

Total assets managed	$5,897,000,000
Tax-exempt assets managed:	
Total	$5,897,000,000
Fully discretionary	$5,907,000,000
Real estate assets managed	$731,000,000
International assets managed	$196,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	280
Types of accounts managed	CEFGJ
No. of account managers	10
Size of research staff	70

First Chicago Investment Advisors is a multiple asset class manager including equity, fixed-income, balanced, real estate and international investments.

Its equity approach is value-oriented, based on fundamental research. It identifies mispriced securities in shifting market environments. Stock selection is accomplished within the context of disciplined judgments on market timing, sector exposures and industry.

For fixed income, a portfolio's interest rate, yield curve, quality/sector and issue-specific exposures are managed so as to outperform a benchmark during an interest rate cycle. The benchmark is selected to adequately reflect the return objectives and risk tolerances of the client.

First Chicago believes in building a core real estate portfolio of general-purpose properties in proven market areas offering strategic diversification by property type and geographic region.

The mix of the tax-exempt assets Jan. 1 was 33% stocks, 25% bonds, 24% cash, 13% equity real estate, 2% international equity, 2% international fixed income and 1% venture capital.

The firm netted $693 million in new tax-exempt business for 1984, including $450 million balanced; $150 million fixed; $62 million real estate; and $25 million international.

General Motors, Illinois State Board of Investment, Inland Steel and Chicago Policemen's Annuity and Benefit Fund are among the firm's clients.

Gary P. Brinson is president and chief investment officer. Calvin J. Pedersen, managing director-account management and administration, is client contact.

The firm is a wholly owned subsidiary of First Chicago Corp., whose assets total $9.4 billion.

First City Bank of Dallas — Trust Division

First City Center, P.O. Box 661700, Dallas, Texas 75266-1770; (214) 939-8401

Total assets managed	$133,000,000
Tax-exempt assets managed:	
Total	$71,000,000
Fully discretionary	$71,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	18
Separate	83
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	6

First City Bank of Dallas offers equity, fixed and balanced capabilities.

It believes organized fundamental security analysis and value relationships to be the backbone of successful equity investment. Timing is the key ingredient of successful investing and a flexible strategy ensures investment consistency.

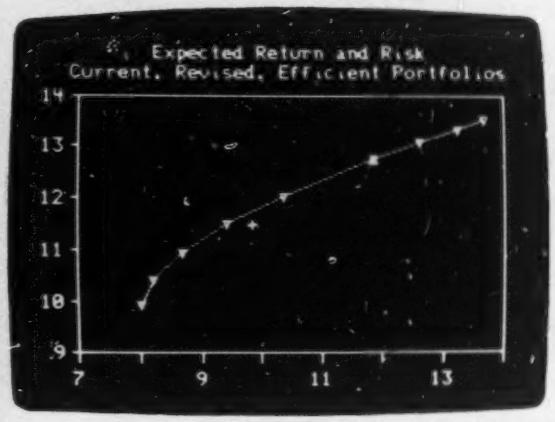
Its fixed-income approach uses an intermediate core system consisting of active management of government and corporate securities with a maximum maturity of 10 years. The average maturity is determined by the interest rate forecast.

John E. Davidson, senior vice presi-

AAT™

The Portfolio Optimizer

by William F. Sharpe



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1. Select proxy data base for January 1980 through December 1984 *returns* on assets.
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3. *Revise* the statistics to better reflect future risks, returns, and correlations—and add information on investment objectives, constraints, costs, current holdings, etc.
4. AAT determines one or more *optimal* portfolios, based on the provided information.
5. *Examine* the portfolios and their characteristics (an "extra" program performs simple and multiple regression analysis—another lets you enter data from other computer sources).

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540 University Avenue, Palo Alto, CA 94301-1985, (415) 322-5221

dent, is the chief investment officer. Keith Griffitts, vice president-marketing, is the client contact.

First City National Bank of Houston

P.O. Box 809, Houston, Texas 77001; (713) 658-7434

Total assets managed	$2,917,000,000
Tax-exempt assets managed:	
Total	$1,981,000,000
Fully discretionary	$950,000,000
Real estate assets managed	$40,000,000
Minimum separate account	$2,000,000
Tax-exempt clients:	
Commingled	10
Separate	244
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	7

First City National Bank of Houston offers equity, fixed and balanced capabilities.

Sector rotation is used in equities, and sector analysis in fixed income.

Of the tax-exempt assets Jan. 1, $262 million was in commingled and $1.7 billion in separate accounts.

The asset mix was 75% stocks, 16% bonds, 7% cash and 2% equity real estate.

Graham P. Stellwagon, senior vice president and trust investment officer, is the chief investment officer. Thomas Peller, assistant vice president, is the client contact.

First Commercial Trust

P.O. Box 1471, Little Rock, Ark. 72203; (501) 378-3122

Total assets managed	$301,000,000
Tax-exempt assets managed:	
Total	$130,000,000
Fully discretionary	$97,000,000
Tax-exempt clients:	
Commingled	209
Separate	211
Types of accounts managed	CFG
No. of portfolio managers	3

First Commercial Trust offers equity, fixed and balanced capabilities.

For its equity investments, it seeks total return with a total portfolio objective of 15%-plus. Relative strength of the portfolio is a consideration in market timing. Growth stocks are sought.

Its passive fixed-income approach seeks a high-quality series of maturities, with a maximum of five years.

Tom D. Dalby, vice president and manager of trust investments, is the chief investment officer and client contact.

First Equities Institutional Properties Inc.

6201 Powers Ferry Road, Suite 500, Atlanta, Ga. 30339; (404) 952-1500

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$105,000,000
Real estate assets managed	$105,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	8
Types of accounts managed	CG
No. of portfolio managers	2

First Equities Institutional Properties Inc., a real estate manager, selects investment opportunities that allow immediate cash returns competitive with other asset classes. Reliance on future appreciation is secondary. It emphasizes diversification to avoid soft-market consequences.

On Jan. 1, all tax-exempt assets were in equity real estate.

The firm netted $24 million in new tax-exempt business for 1984.

Paul H. Saylor, managing director, is chief investment officer and client contact.

The firm is a wholly owned subsidiary of First Equities Corp., whose assets totaled $630 million Jan. 1.

First Fidelity Bank, New Jersey

765 Broad St., Newark, N.J. 07101; (201) 430-4000

Total assets managed	$3,180,000,000
Tax-exempt assets managed:	
Total	$1,350,000,000
Fully discretionary	$1,350,000,000
International assets managed	$1,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	859
Separate	414
Types of accounts managed	CEFG
No. of portfolio managers	9
Size of research staff	8

First Fidelity Bank, New Jersey, offers equity, fixed and balanced capabilities.

International is in the experimental stage.

In equities, it is value-oriented, is intent on keeping risk relatively low while awaiting improved earnings and/or recognition of asset. Graham & Dodd analysis is used.

Fixed-income management is active, quality-oriented, seeking consistent results over time. Interest rate anticipation and sector analysis are used.

The asset mix was 55% stocks and 45% bonds.

Clients include Foster-Wheeler, Warner-Lambert, American Hoecht and Sandoz.

Half its research originates in-house; 50 stocks are followed closely and 30, generally.

Roger R. Conant, executive vice president, is the chief investment officer.

Marc S. Herald, assistant vice president, is the client contact.

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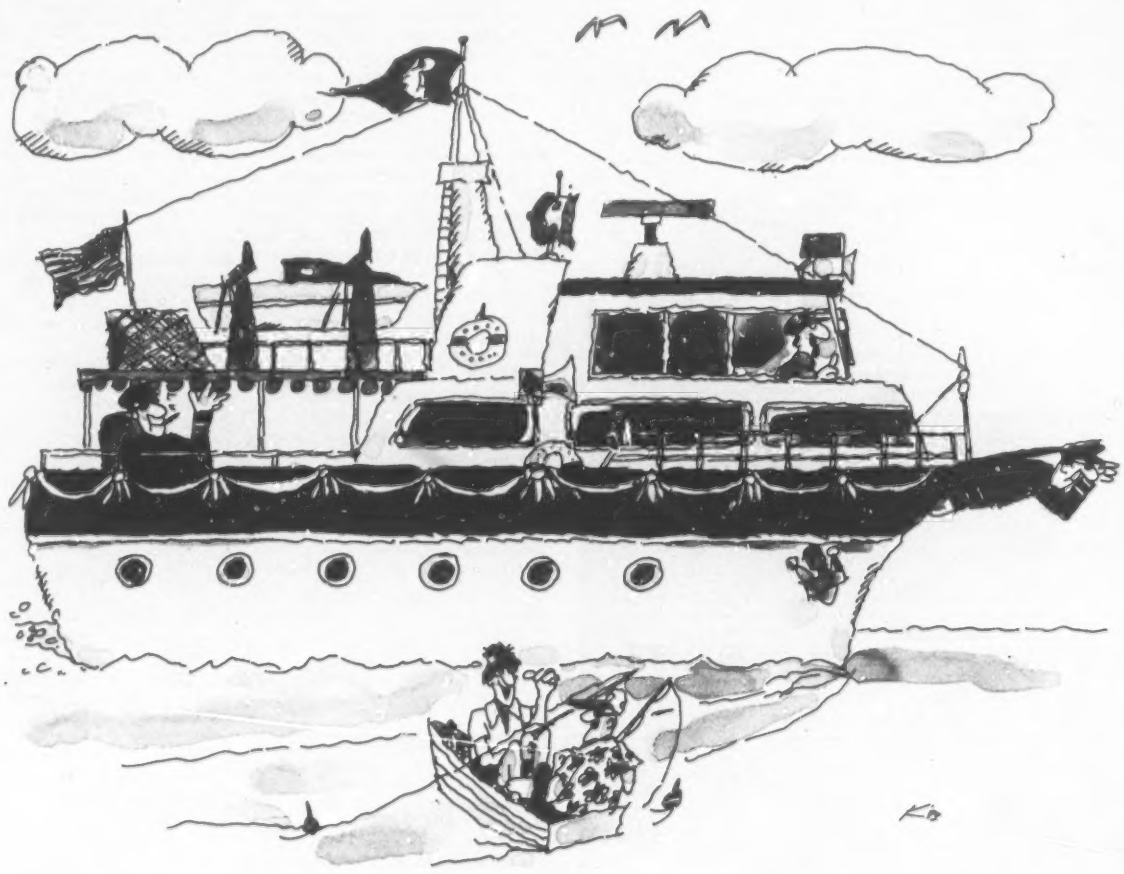

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First Interstate Bank of Arizona

100 W. Washington, P.O. Box 53437, Phoenix, Ariz. 85072-3437; (602) 271-1565

Total assets managed	$1,380,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$285,000,000
Real estate assets managed	$6,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	300
Separate	55
Types of accounts managed	CEFGJ
No. of portfolio managers	12

First Interstate Bank of Arizona offers equity, fixed-income, balanced, real estate and, through an affiliate, international capabilities. It also deals in cash equivalents.

It uses growth stocks with a quantitative discipline that keeps the portfolio managers from paying too much and requires sales when stocks become overvalued.

In fixed income, it seeks low-turnover, high-quality (mostly government) bonds with laddered maturities to 10 years.

It makes selective investments in commercial, residential and developmental Arizona real estate.

Clients include Arizona Public Service, Tucson Medical Center, Ramada Inns and Best Western International.

All its research originates in-house; 150 stocks are followed closely and 300, generally.

Robert L. Mueller, senior vice president, is the chief investment officer. Richard A. Malcomson, vice president, is the client contact.

First Interstate Bank of Oregon — Trust Financial Services Group

1300 S.W. Fifth Ave., Portland, Ore. 97208; (503) 225-2363

Total assets managed	$1,700,000,000
Tax-exempt assets managed:	
Total	$765,000,000
Fully discretionary	$765,000,000
Real estate assets managed	$30,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	67
Separate	24
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	3

First Interstate Bank of Oregon offers equity, fixed, balanced, real estate and international capabilities.

Its equity portfolios exhibit very low P/E ratios, low risk (portfolio beta 0.8 to 0.9) and high yield.

Its fixed-income approach focuses on the intermediate sector of the bond market (average maturity ranges between five and 12 years) and uses GICs and CMOs.

Of the tax-exempt assets Jan. 1, $93 million was in commingled and $672 million in separate accounts.

The asset mix was 48% stocks, 34% bonds, 5% cash, 2% mortgages, 3% mortgage-backed securities and 8% GICs.

Chris Toronto, vice president and manager-pension investment and advisory services, is the chief investment officer. Janice M. Dawson, sales manager, is the client contact.

First Interstate Bank of Washington

P.O.Box 21927, Seattle, Wash. 98111; (206) 292-3522

Total assets managed	$976,000,000
Tax-exempt assets managed:	
Total	$297,000,000
Fully discretionary	$297,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	210
Separate	65
Types of accounts managed	CEFJ
No. of portfolio managers	7
Size of research staff	1

First Interstate Bank of Washington handles equity and balanced accounts.

Its equity approach is fundamental: analyzing the economy, then searching for undervalued securities. Portfolios are managed by emphasizing industries and companies with superior growth expectations. Graham & Dodd analysis is used.

Bond management is characterized by sector and company analysis along with interest rate forecasting. Maturity management is currently focusing on investments of short to medium term.

Of the tax-exempt assets Jan. 1, $30.5 million was in commingled and $266.5 million in separate accounts.

The asset mix was 55% stocks, 35% bonds and 10% cash.

J. Clark Reardon, senior vice president, is chief investment officer. James Layton, assistant vice president and trust officer, is client contact.

First Interstate Investment Advisers

302 E. Carson, Suite 1002, P.O. Box 15155, Las Vegas, Nev. 89114; (702) 385-8879

Total assets managed	$935,000,000
Tax-exempt assets managed:	
Total	$135,000,000
Fully discretionary	$135,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	11
Types of accounts managed	CEFJ
No. of portfolio managers	10

First Interstate Investment Advisers, a balanced manager, uses a market timing approach to equity. Its approach is defensive. Business cycle analysis is used for the cash-equity decision. Stock selection is based on value orientation, with an emphasis on large-cap companies.

Interest rate anticipation is used for fixed income, with an emphasis on capital preservation. Investments are shifted between Treasury bills and long governments as credit markets change.

Robert M. Lee, president, is the chief investment officer. Randy Campanale, director of marketing, is the client contact.

The firm is a wholly owned subsidiary of First Interstate Bancorp.

First Investment Management

P.O. Box 25189, Oklahoma City, Okla. 73125; (405) 272-4202

Total assets managed	$1,808,000,000
Tax-exempt assets managed:	
Total	$1,341,000,000
Fully discretionary	$1,341,000,000
Real estate assets managed	$255,000,000
Minimum separate account	$3,000,000
Tax-exempt clients:	
Commingled	94
Separate	50
Types of accounts managed	CFG
No. of portfolio managers	9
Size of research staff	3

First Investment Management, handles equity, fixed, balanced, options and covertibles management.

Its equity valuation framework looks for value using three components: long-term value using a dividend discount model and relative P/E ratios; near-term value using expectational earnings; and technical confirmation.

The core of its fixed-income portfolio is in one- to 10-year laddered governments. The average maturity is varied from two to eight years, depending on interest rate forecast. Lower quality depends on sector spreads.

Tom J. Thompson, senior vice president, is the chief investment officer. C. Lee Liscom, vice president and chief administrative officer, is the client contact.

First Investment is a subsidiary of First National of Oklahoma City.

First Investors Asset Management Co. Inc.

120 Wall St., New York, N.Y. 10005; (212) 208-6080

Total assets managed	$1,174,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$90,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3
Types of accounts managed	CG
No. of portfolio managers	1
Size of research staff	3

First Investors Asset Management Co. Inc., a fixed-income manager, specializes in high-yield corporate bonds. It seeks to provide a high total return through investing in a diversified portfolio of low-grade straight debt, convertible and bankrupt securities, with special emphasis placed on in-depth credit research.

The mix of the tax-exempt assets Jan. 1 was 80% bonds, 11% cash and 9% stocks.

The firm netted $38 million in new tax-exempt business for 1984; two clients were added.

Clients include the World Bank and Minneapolis Teachers Retirement Fund.

Mark R. Shenkman, president, is chief investment officer and client contact.

First Investors Consolidated Corp., the parent company, has assets of $3.2 billion.

First Investors Equity Management Co. Inc.

120 Wall St., New York, N.Y. 10005; (212) 208-6028

Total assets managed	$180,000,000
Tax-exempt assets managed:	
Total	$3,000,000
Fully discretionary	$3,000,000
International assets managed	$400,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	2

First Investors Equity Management Co. Inc. employs a contrarian, value-oriented stock selection strategy in the United States and many foreign equity markets. Domestic, foreign or global portfolios are managed through strategies that fit client risk-reward objectives. Graham & Dodd analysis is used.

Patrick Page Kildoyle, portfolio manager and president, is the chief investment officer. F. Allen Dudley, vice president, is the client contact.

First Jersey National Bank

Gateway One, Newark, N.J. 07102; (201) 547-7617

Total assets managed	$361,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$140,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	80
Separate	141
Types of accounts managed	CEGJ
No. of portfolio managers	6

First Jersey National Bank offers equity, fixed and balanced capabilities.

Its equity strategy emphasizes one- to five-year performance of low P/E stocks and market timing, both for above-average yield.

It adjusts its commitment to the bond market and maturity range based on economic fundamentals. Within broad market movements, it seeks value within sectors based on spread relationships.

Jack Saueracker, executive vice president, is the chief investment officer. J. Thomas Chiolo, vice president, is the client contact.

First Kentucky Co.

P.O.Box 36010, Louisville, Ky. 40233; (502) 581-7668

Total assets managed	$1,200,000,000
Tax-exempt assets managed:	
Total	$1,188,000,000
Fully discretionary	$1,188,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	42
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	3

First Kentucky Co., primarily a balanced manager, undertakes modest shifts between major asset categories based on long-term relative attractiveness of security types.

Taking a value-oriented, bottom-up approach to equity, it seeks undervalued stocks and emphasizes total return expectations, special situations and convertibles swapping.

Its fixed-income objectives are moderate maturities and durations; it continually swaps for better value: sector, quality and coupon.

The asset mix Jan. 1 was 38% stocks, 54% bonds and 8% cash.

Irvin W. Quesenberry Jr., senior vice president, is the chief investment officer. Barbara J. Brunner, senior marketing officer, is the client contact.

First Kentucky is an independent subsidiary of First Kentucky National Corp., sister company of First Kentucky Trust; assets of the three total $3.2 billion.

First Manhattan Capital Management

437 Madison Ave., New York, N.Y. 10022; (212) 832-4469

Total assets managed	$873,000,000
Tax-exempt assets managed:	
Total	$873,000,000
Fully discretionary	$873,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	12
Types of accounts managed	CEF
No. of portfolio managers	5
Size of research staff	14

First Manhattan Capital Management, an equity manager, uses a low P/E investment approach. Using a bottom-up, risk-averse strategy, it buys understandable companies with high ROEs and low financial leverage at prices substantially below business values. Positions are held for long-term results.

The asset mix Jan. 1 was 90% stocks and 10% cash.

The firm netted $60 million in new tax-exempt business for 1984; four clients were added.

David S. Gottesman, managing partner, and Robert M. Howitt, president, are the chief investment officers. Harold M. Newman, senior vice president, and Timothy C. Holt, vice president, are the client contacts.

First Manhattan Co. is the parent. Its assets, and those of its subsidiaries, total $1.5 billion.

First National Bank of Atlanta

P.O. Box 4148, Atlanta, Ga. 30302; (404) 588-5000

Total assets managed	$4,100,000,000
Tax-exempt assets managed:	
Total	$2,900,000,000
Fully discretionary	$1,400,000,000
Real estate assets managed	$435,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	250
Separate	375
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	6

First National Bank of Atlanta offers equity, fixed, balanced and real estate (timberland) capabilities.

Equity portfolios have a limited number of issues. The object is to generate returns greater than the S&P 500 over three to five years with less volatility.

Its passive fixed-income approach uses interest rate anticipation.

Its timberland fund invests in tracts of land in the Southeast, predominantly Georgia. There are two foresters on staff.

Of the tax-exempt assets Jan. 1, $300 million was in commingled and $2.6 billion was in separate accounts.

The asset mix was 45% stocks, 30% bonds, 10% cash and 15% equity real estate.

The firm netted $350 million in new tax-exempt business for 1984.

Clients include AT&T, Southern Co., Georgia and Georgia Gulf.

Research is 25% internally generated; 150 stocks are followed closely and 250, generally.

Dean Patenaude, senior vice president, is the chief investment officer. T.P. Brackman and R.H. Burgin, vice presidents, are the client contacts.

First National Bank of Cincinnati

Fifth & Walnut Streets, Cincinnati, Ohio 45202; (513) 632-4588

Total assets managed	$1,430,000,000
Tax-exempt assets managed:	
Total	$382,000,000
Real estate assets managed	$3,600,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	237
Separate	118
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	7

First National Bank of Cincinnati

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offers equity, fixed and balanced capabilities.

Equities are valued by industry sector and ranked according to proprietary earnings momentum and relative value models.

For fixed income, it uses interest rate anticipation.

The asset mix was 57% stocks, 38% bonds and 5% cash.

Clients include Cincinnati Gas & Electric, G. Heileman Brewing, Marathon Oil and David J. Joseph Co.

Harold A. Klink, vice president and trust officer, is chief investment officer. Thomas J. Lakin, vice president and trust officer, is client contact.

First National Bank of Commerce

210 Baronne St., New Orleans, La. 70112; (504) 561-1808

Total assets managed	[illegible]
Tax-exempt assets managed:	
Total	[illegible]
Fully discretionary	[illegible]
Minimum separate account	[illegible]
Tax-exempt clients:	
Commingled	60
Separate	50
Types of accounts managed	CEFJ
No. of portfolio managers	5
Size of research staff	5

First National Bank of Commerce offers equity, fixed and balanced capabilities.

In equities, it looks for undervalued companies with expected earning growth of 20%.

Its passive fixed-income approach stresses issues of maximum 10-year maturity, averaging 3.8 years, mostly government and government agencies and quality credits.

Clients include Ochsner Clinic, C.F. Bean, Longshoremen and IBM.

John A. Rodgers III, senior vice president, is the client contact.

First National Bank of Gainesville

P.O. Drawer 937, Gainesville, Ga. 30503; (404) 535—5568

Total assets managed	[illegible]
Tax-exempt assets managed:	
Total	[illegible]
Fully discretionary	[illegible]
Minimum separate account	[illegible]
Tax-exempt clients:	
Commingled	120
Separate	261
Types of accounts managed	CF
No. of portfolio managers	2

First National Bank of Gainesville offers equity, fixed and balanced capabilities.

Its equity approach is a combination of buying long-term value and out-of-favor stocks and writing options. Graham & Dodd analysis is used along with market timing.

Its fixed-income strategy is to forecast changes in interest rates and to increase or decrease maturities based on expectations.

Of the tax-exempt assets Jan. 1, $16 million was in commingled and $39 million in separate accounts.

Peter D. Miller, executive vice president, is chief financial and investment officer. Thomas W. Sweet, group vice president, is the client contact.

The First National Bank of Shreveport

P.O. Box 21116, Shreveport, La. 71154; (318) 226-2211

Total assets managed	[illegible]
Tax-exempt assets managed:	
Total	[illegible]
Real estate assets managed	[illegible]
Minimum separate account	[illegible]
Tax-exempt clients:	
Commingled	110
Separate	140
Types of accounts managed	CEPGJ
No. of portfolio managers	3
Size of research staff	3

The First National Bank of Shreveport offers equity, fixed and balanced capabilities.

Its equity objective is long-term appreciation consistent with prudent investment policies. Market timing is used.

Its fixed-income goal is high investment income over the long term consistent with the preservation of principal.

Of the tax-exempt assets Jan. 1, $34 million was in commingled and $42 million in separate accounts.

The asset mix was 55% stocks, 15% bonds, 2% cash, 1% mortgages and 27% time deposits.

Clients include Shreveport, Kast Metals and Scott Cos.

Nicholas J. Roppolo, senior vice president and trust officer, is the chief investment officer. Alex R. Ivins, vice president and trust officer, is the client contact.

First National Bank & Trust Co. of Tulsa

P.O. Box 1, Tulsa, Okla. 74193; (918) 586-5661

Total assets managed	$1,226,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$200,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	109
Separate	16
Types of accounts managed	CEFGJ
No. of portfolio managers	5

First National Bank & Trust Co. of Tulsa offers equity, fixed and balanced capabilities.

Its equity approach emphasizes total return, appreciation and income. Using Graham & Dodd analysis, it attempts to identify medium-sized companies having better-than-average return prospects compared to their individual market competition.

For fixed income, it maintains a core of 50% and uses interest rate anticipation for the remaining 50%.

Of the tax-exempt assets on Jan. 1, $165 million was in commingled and $35 million in separate accounts.

The asset mix was 35% stocks, 30% bonds, 15% cash and 20% GICs.

William S. Boedeker, senior vice president, is senior trust and investment officer. Richard A. Moser, vice president and trust officer, is the client contact.

First National Lincoln

P.O. Box 81008, Lincoln, Neb. 68501; (402) 471—1302

Total assets managed	$450,000,000
Tax-exempt assets managed:	
Total	$130,000,000
Fully discretionary	$115,000,000
Real estate assets managed	$2,000,000
Minimum separate account	$200,000
Tax-exempt clients:	
Commingled	80
Separate	250
Types of accounts managed	CEFJ
No. of portfolio managers	5

First National Lincoln offers equity, fixed and balanced capabilities.

Its equity approach uses low P/E stocks.

Interest rate anticipation is the basis of its fixed-income approach.

Of the tax-exempt assets Jan. 1, $28 million was in commingled and $102 million in separate accounts.

The asset mix was 50% stocks, 40% bonds, 8% cash and 2% equity real estate.

Research is 10% internally generated; 100 stocks are followed closely and 150, generally.

William S. Eastwood is the chief investment officer. Norman Wilson is the client contact.

First Pacific Advisors Inc.

10301 W. Pico Blvd., Los Angeles, Calif. 90064; (213) 277-4900

Total assets managed	$1,493,000,000
Tax-exempt assets managed:	
Total	$1,057,000,000
Fully discretionary	$1,057,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	29
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	2

First Pacific Advisors, an equity manager, is a value-oriented investor using a bottom-up selection process with very specific fundamental and valuation criteria by which it attempts to identify superior companies and judge the attractiveness of prices. It uses Graham & Dodd analysis to some extent.

In fixed income, it uses the same philosophy.

The mix of the tax-exempt assets on Jan. 1 was 58% stocks, 28% cash and 14% bonds.

For 1984, the firm netted $111 million in new tax-exempt business; two

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clients were added.

Clients include Rockwell International, GTE, Xerox and McGraw-Hill.

Half of the firm's research originates in-house; 50 stocks are followed closely and 300, generally. On occasion, it uses options.

George H. Michaelis, president, is the chief investment officer. Lawrence P. McNeil, senior vice president, is the client contact.

The firm is a wholly owned subsidiary of Angeles Corp. Assets under management by the parent and subsidiaries total $2.5 billion.

First Pennsylvania Bank Trust & Investment Services Group

15th & Chestnut Streets, Philadelphia, Pa. 19101; (215) 786-7946

Total assets managed	$3,800,000,000
Tax-exempt assets managed:	
Total	$525,000,000
Fully discretionary	$500,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Commingled	100
Separate	25
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	7

First Pennsylvania Bank offers equity, fixed and balanced capabilities, as well as stock index management.

Its equity approach is one of value alignment. Risk-averse but opportunistic, it anticipates change and exercises a consistent sell discipline.

Its fixed-income objective is to protect principal and maximize returns by shifting assets within sectors of the market, assuming either a bullish or bearish position in its assessment of key economic and monetary indicators.

Of the tax-exempt assets Jan. 1, $153 million was in commingled and $372 million in separate accounts.

Courtney O. Anderson, senior vice president, is chief investment officer; James F. McHale is client contact.

First Security Bank of Idaho

P.O. Box 2618, Boise, Idaho 83701; (208) 338-2046

Total assets managed	$256,000,000
Tax-exempt assets managed:	
Total	$172,000,000
Fully discretionary	$100,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	19
Separate	157
Types of accounts managed	CEFGJ
No. of portfolio managers	5

First Security Bank of Idaho, a balanced manager, has an equity approach of fundamental analysis within economic parameters and with technical analysis support.

Graham & Dodd analysis, sector rotation and market timing are used.

The fixed-income strategy has a market timing orientation through economic forecast models.

Idaho Public Employees is among its clients.

Richard Vycital is the chief investment officer. Mark Simonson, assistant vice president and trust officer, is the client contact.

First Security National Bank & Trust Co.

1 First Security Plaza, Lexington, Ky. 40507; (606) 231-1000

Total assets managed	$557,000,000
Tax-exempt assets managed:	
Total	$68,000,000
Fully discretionary	$39,000,000
Minimum separate account	$300,000
Tax-exempt clients	131
Types of accounts managed	CEFG
No. of portfolio managers	3

First Security National Bank & Trust, a balanced manager, is a value-oriented equity manager, with the investment focus based on judgment of those sectors and issues that represent the best relative value. Issue selection is based on a bottom-up approach.

Its fixed-income philosophy is primarily to provide increased stability to portfolio returns. Issue selection is based on quality and marketability as well as diversification among and across sectors and maturities. Interest rate anticipation is used.

The asset mix Jan. 1 was 29.6% stocks, 61.5% bonds and 0.1% cash, 0.1% equity real estate, 3% time deposits and 5.7% miscellaneous.

J.C. Troyer, vice president and senior trust investment officer, is chief investment officer and client contact.

First Tennessee Investment Management Inc.

165 Madison Ave., Memphis, Tenn. 38103; (901) 523-5651

Total assets managed	$2,158,000,000
Tax-exempt assets managed:	
Total	$1,486,000,000
Fully discretionary	$1,486,000,000
Tax-exempt clients	1,094
Types of accounts managed	CEFG
No. of portfolio managers	11
Size of research staff	4

First Tennessee Investment Management Inc., a balanced manager, participates in the economic and industrial growth sectors of the economy by buying equity issues representing those sectors.

Its fixed-income objective is to vary the maturity of portfolios to protect principal values during the economic cycle but also to obtain a satisfactory long-term rate of return. Interest rate anticipation is used.

The asset mix Jan. 1 was 35% stocks, 45% bonds and 20% cash.

Clients include Memphis and Shelby County.

Research is 5% internally generated; 100 stocks are followed closely and 150, generally. Options are used.

William V. Pruett, president, is the chief investment officer. Stephen T. Ashby, vice president, is the client contact.

The firm is a subsidiary of First Tennessee National Corp.

First Trust Co. of Saint Paul

332 Minnesota St., St. Paul, Minn. 55101; (612) 291-5100

Total assets managed	$4,354,000,000
Tax-exempt assets managed:	
Total	$1,711,000,000
Fully discretionary	$1,711,000,000
Real estate assets managed	$18,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	9

First Trust Co. of Saint Paul offers equity, fixed and balanced capabilities.

Equity portfolio candidates are determined by extracting investment inferences from broad socioeconomic phenomena; fundamental and economic analyses are used to screen for specific selections. Sector rotation also is used.

Expected fixed-income returns and risk are quantified across maturities and sectors; emphasis is placed where the trade-off appears most favorable.

Of the tax-exempt assets Jan. 1, $402 million was in commingled and $1.3 billion in separate accounts.

The asset mix was 50% stocks, 40% bonds and 10% cash. Of assets invested in real estate, $10 million was in equity and $8 million in mortgage-backed securities.

Richard P. Halverson, executive vice president, is the chief investment officer. Roger R. Schaeffer, vice president, is the client contact.

First Union/Capital Management Group

First Union National Bank, Charlotte, N.C. 28288; (704) 374-6152

Total assets managed	$1,800,000,000
Tax-exempt assets managed:	
Total	$1,020,000,000
Fully discretionary	$895,000,000
Real estate assets managed	$45,000,000
Minimum separate account	$2,000,000
Tax-exempt clients:	
Commingled	607
Separate	51
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	6

First Union/Capital Management Group offers equity, fixed and balanced capabilities.

It pursues a disciplined, value-oriented equity philosophy. The major focus is on selecting stocks with low prices relative to earnings power and book value. Graham & Dodd analysis is used.

Two approaches to bond management are taken: controlled maturity structure and full spectrum. A proprietary interest rate model and fundamental analysis aid in formulating appropriate maturity structures.

Of the tax-exempt assets Jan. 1, $409 million was in commingled and $611 million in separate accounts.

The asset mix was 47.8% stocks, 42.8% bonds, 5% cash and 4.4% equity real estate.

William R. Hackney Jr. is the chief investment officer. Peter R. Nagle is the client contact.

First Wilshire Securities Management Inc.

1 Wilshire Building, Suite 1400, Los Angeles, Calif. 90017; (213) 485-8904

Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	10
Types of accounts managed	CFJ
No. of portfolio managers	2
Size of research staff	3

First Wilshire Securities Management Inc. combines Graham & Dodd analysis and low P/E ratios in its search for undiscovered stocks with strong fundamentals. Substantial sector and stock diversification are used. The firm invests up to 40% in yield-oriented equities in down markets.

The asset mix Jan. 1 was 95% stocks, 2% bonds and 3% cash.

Fred L. Astman, portfolio manager, is chief investment officer. Edward C. Story, vice president-marketing and communications, is client contact.

First Wisconsin National Bank of Madison

P.O. Box 7900, Madison, Wis. 53707; (608) 252-4152

Total assets managed	$1,132,000,000
Tax-exempt assets managed:	
Total	$545,000,000
Fully discretionary	$543,000,000
Real estate assets managed	$11,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFJ
No. of portfolio managers	9

First Wisconsin National Bank of Madison offers equity, fixed and balanced capabilities.

Equity management focuses on companies with strong balance sheets, earnings per share growth equal or greater than S&P 500 and selling at moderate P/E ratios. Emerging growth stocks are sought.

Fixed-income investments are in high-grade, short- and intermediate-term bonds (five-year maximum maturity) for high income and safety of principal. Interest rate anticipation is used.

The asset mix Jan. 1 was 41.7% stocks, 18.2% bonds, 38.1% cash, 1% equity real estate and 1% mortgages.

Scott Harkness, senior vice president, is the chief investment officer. Robert L. Webster, trust officer, is the client contact.

Fiscal Consultants Ltd.

1075 Bay St., Suite 905, Toronto, Ontario M5S 2B1; (416) 960-8225

Total assets managed	$230,000,000
Tax-exempt assets managed:	
Total	$157,000,000
Fully discretionary	$157,000,000
International assets managed	$10,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	14
Types of accounts managed	CEU
No. of portfolio managers	4
Size of research staff	1

Fiscal Consultants Ltd., a Canadian firm has equity, fixed-income, balanced and specialist capabilities.

For equity investments, its approach includes low P/E stocks, Graham & Dodd analysis and market timing. It is top-down and value-oriented, emphasizing asset mix, industry selection and active use of cash reserves. Capital preservation also is emphasized.

Its bond investment approach is based on interest rate anticipation. It is active management with computer-sourced spread data used extensively to trade between markets and maturities.

The asset mix Jan. 1 was 31% Canadian stocks, 40% bonds, 20% cash and 9% U.S. stocks.

L.N. Watt, chairman, is the chief investment officer. Huntly Christie, vice president, is the client contact.

Fischer, Francis, Trees & Watts Inc.

717 Fifth Ave., New York, N.Y. 10022; (212) 350-8050

Total assets managed	$8,138,000,000
Tax-exempt assets managed:	
Total	$7,280,000,000
Fully discretionary	$7,280,000,000
International assets managed	$166,000,000
Minimum separate account	$40,000,000
Tax-exempt clients	31
Types of accounts managed	CEFG
No. of portfolio managers	12
Size of research staff	12

Fischer, Francis, Trees & Watts Inc., a fixed-income manager, finds maturity and issuer sector analysis essentially as important as interest rate anticipation.

All tax-exempt assets were in bonds as of Jan. 1; $166 million was invested in international markets.

The net gain in new tax-exempt business for 1984 was $1.821 billion; six tax-exempt clients were added.

Clients include IBM, AT&T, New York City Teachers and the World Bank.

The firm uses options and fixed-income futures.

Richard G. Fischer, president, is the chief investment officer. John H. Watts, chairman, is the client contact.

Fiske Capital Management

8 Grove St., P.O. Box 96, Wellesley, Mass. 02181; (617) 237-0010

Total assets managed	$91,000,000
Tax-exempt assets managed:	
Total	$77,000,000
Fully discretionary	$77,000,000
Minimum separate account	$500,000
Tax-exempt clients	98
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	1

Fiske Capital Management, an equity manager, uses cyclical asset allocation between growth-equity issues and cash. In rising equity markets, it emphasizes high upside beta issues. It does not "predict" market direction, but coordinates with it based on internally developed quantitative research models. Equity allocations range from 0% to 100% dependent upon market conditions. Cash investments are in money market funds.

The mix of the tax-exempt assets on Jan. 1 was 90% cash and 10% equities.

Edwin F. Thrall Jr., managing principal, is the chief investment officer. Steven Vantine, portfolio manager, is the client contact.

FJW Financial Management

1001 S.W. Fifth, Suite 1919, Portland, Ore. 97204; (503) 226-1444

Total assets managed	$300,000,000
Tax-exempt assets managed:	
Total	$325,000,000
Fully discretionary	$325,000,000
Real estate assets managed	$6,500,000
Minimum separate account	$1,000,000
Tax-exempt clients	70
Types of accounts managed	CEFGJ
No. of portfolio managers	4

FJW Financial Management Inc., a balanced manager, combines a growth stock and Graham & Dodd approach to equity. Its strategy is set by the economic outlook and relative values. Fundamentals are the result of money flows and dynamics of product/market growth. Valuation research focuses on earnings and price.

For fixed-income, it relies on interest rate anticipation, sector analysis and maturity spread. Its strategy is balanced between yield curve opportunities and market risk. Interest rates are forecast according to the supply of and demand for funds. Credit quality is a major consideration.

The mix of the tax-exempt assets Jan. 1 was 50% bonds, 40 stocks, 8% cash, 1% equity real estate and 1% mortgage-backed securities.

Norbert J. Wellman, chairman, is chief investment officer; H. Joseph Ferguson, president, is client contact.

Flagship Financial Inc.

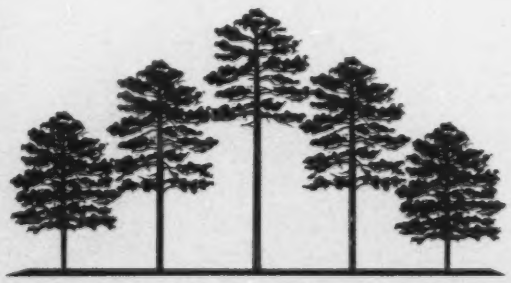
Courthouse Plaza N.W., Dayton, Ohio 45463; (800) 354-7447 in Ohio and (800) 227-4648 out of state.

Total assets managed	$550,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	4
Types of accounts managed	CF
No. of portfolio managers	4

Flagship Financial Inc., a fixed-income manager, combines interest rate anticipation and sector analysis in its investment approach. It has a top-down strategy examining economic conditions and momentum in structuring the average maturity. Active yield and sector swaps increase overall portfolio returns.

The mix of the tax-exempt assets

TIMBERLAND
The Growing Alternative



WAGNER SOUTHERN FOREST INVESTMENTS, INC.
Registered Investment Advisers
11 Piedmont Center, Suite 404
3495 Piedmont Road / Atlanta, Georgia 30305
Contact: David S. Graham (404) 239-0986

under management Jan. 1 was 65% cash and 35% bonds.

Richard P. Davis is the chief investment officer and client contact.

Folger Nolan Fleming Douglas Inc.

725 15th St. N.W., Washington, D.C. 20005; (202) 626-5220

Total assets managed	$57,000,000
Tax-exempt assets managed:	
Total	$18,000,000
Fully discretionary	$17,000,000
Tax-exempt clients	33
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	2

Folger Nolan Fleming Douglas is a balanced manager. It emphasizes quality and consistency of earnings and dividend growth in its equity selection. The timing of purchases and sales is based primarily on a fundamental valuation approach.

It bases fixed-income selection on liquidity needs and the most advantageous segment of the yield curve. There is a minimized credit risk and concentration on interest-rate outlook.

The mix of the tax-exempt assets on Jan. 1 was 57% stocks, 40% bonds and 3% cash.

Lillian H. Blucher, senior vice president, is the chief investment officer and client contact.

Foreign and Colonial Asset Management

45 Wall St., New York, N.Y. 10005; (212) 806-4480

Total assets managed	$40,000,000
Tax-exempt assets managed:	
Total	$11,000,000
Fully discretionary	$11,000,000
International assets managed	$11,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	7
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	10

Foreign and Colonial Asset Management, an international manager, has international fixed-income, global, non-U.S. equity and geographically targeted funds, e.g., Japan and Europe, capabilities.

For stocks, it combines a growth stock and Graham & Dodd approach. Value is its emphasis, taking a top-down approach in small, less liquid exchanges and bottom-up in larger, more broad-based markets; its accounts are spread among 40 to 50 holdings.

Interest rate anticipation and sector analysis form its fixed-income approach. It actively manages multicurrency bonds, incorporating credit analysis, international currency, new issue arbitrage, cash management and expert in-house experience in OTC markets.

Julian R. Mathias is director and chief investment officer. Vice Presidents John K. Holland and John R. Gepfert are the client contacts.

The firm is a joint venture between U.S. Trust Co. of New York and Foreign & Colonial Management Ltd., London.

Forstmann-Leff Associates

Park Avenue Plaza, 55 E. 52nd St., New York, N.Y. 10055; (212) 644-9888

Total assets managed	$3,978,000,000
Tax-exempt assets managed:	
Total	$3,951,000,000
Fully discretionary	$3,896,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	10
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	4

Forstmann-Leff Associates Inc., primarily an equity manager, has a risk-averse, capital-preservation and asset allocation-driven approach to equity management. Its aim is significant participation in up-market cycles and a defensive reallocation of capital assets to resist erosion in down-market cycles.

Its fixed-income approach emphasizes interest rate anticipation with restructuring of maturity distribution being the dominant technique. Investments are made only in government and agency issues and in corporate bonds rated at least double-A.

The mix of the tax-exempt assets on Jan. 1 was 78.2% stocks, 16.5% bonds and 5.3% cash.

The firm lost $506 million in tax-exempt business during 1984.

Lockheed, Standard Oil (Indiana), Marriott and Hughes Aircraft are among the firm's clients.

Half of its research originates in house; 200 stocks are followed closely and 350, generally.

J. Anthony Forstmann, Joel B. Leff and William F. Harnisch, managing directors, are the chief investment officers. Peter A. Lusk, vice president and director of marketing, is the client contact.

Fort Hill Investors Management Corp.

1 McKinley Square, Boston, Mass. 02109; (617) 723-6500

Total assets managed	$513,000,000
Tax-exempt assets managed:	
Total	$466,000,000
Fully discretionary	$466,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	86
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	1

Fort Hill Investors Management Corp., a balanced manager, combines emerging growth and low P/E in its equity approach. It emphasizes discovering attractive issues it believes are undervalued in the prevailing market environment. It approaches the market on a bottom-up, or issue-by-issue, basis.

Its fixed-income policy is based on forecasts of inflation and interest rates. Optimum maturities and sectors are based on analysis of the yield curve and sector spreads.

The asset mix Jan. 1 was 51% bonds, 37% stocks and 12% cash.

The firm had a net loss of $48 million in tax-exempt business last year; it added 12 clients.

Clients include ABC, Farm Fresh, College of William and Mary, and Manchester, N.H.

Richard W. Ohman is vice chairman, chief executive officer and chief investment officer. Robert F. Croce, vice president, is the client contact.

The firm merged with Merchants Co-operative Bank of Boston Sept. 28, 1984.

Fourth National Bank of Tulsa

P.O. Box 2360, Tulsa, Okla. 74135; (918) 587-9171

Total assets managed	$320,000,000
Tax-exempt assets managed:	
Total	$172,000,000
Fully discretionary	$165,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	60
Separate	5
Types of accounts managed	CFGJ
No. of portfolio managers	4
Size of research staff	2

Fourth National Bank of Tulsa offers equity, fixed and balanced capabilities.

Its fundamental, value-oriented equity approach seeks low debt ratios and low institutional holdings. Graham & Dodd analysis is used.

Its active fixed-income management emphasizes quality bonds of intermediate maturity. Interest rate anticipation is used.

Of the tax-exempt assets Jan. 1, $92 million was in commingled and $80 million in separate accounts.

The asset mix was 45% stocks, 35% bonds and 20% cash.

Neal T. Seidle is the chief investment officer. Groggory T. Weaver is the client contact.

Foyston, Gordon & Payne

Suite 1201, 10 King St. E., Toronto, Ontario M5C 1C3; (416) 362-4725

Total assets managed	$115,000,000
Tax-exempt assets managed:	
Total	$91,000,000
Fully discretionary	$46,000,000
International assets managed	$9,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CF
No. of portfolio managers	3

Foyston, Gordon & Payne Inc., a Canadian equity manager, has stock selection that is primarily bottom-up,

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using an in-house screening process that concentrates on company fundamentals.

For fixed income, it concentrates on government securities augmented with some high-quality corporate issues. It uses interest rate anticipation.

The asset mix Jan. 1 was 40% Canadian stocks, 40% bonds, 10% cash and 10% U.S. stocks.

Clients include Uniroyal, A.E. LePage and K mart Canada.

Peter G. Gordon, president, is chief investment officer and client contact.

Franklin Asset Management Systems

155 Bovet Road, P.O. Box 5994, San Mateo, Calif. 94402; (415) 570-3078

Total assets managed	$80,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Minimum separate account	$5,000,000
No. of portfolio managers	3

Franklin Asset Management Systems, an equity manager, uses a low P/E approach to equity. The ranking of stocks in the large- and medium-cap universe is a function of low P/E and strong earnings per share growth/acceleration.

Of the tax-exempt assets under management Jan. 1, 98% were in stocks and 2% cash.

Marvin McClay is chief investment officer; David A. Shepard Jr. is client contact.

The firm is a subsidiary of Franklin Resources Inc., which has $7.3 billion under management.

Franklin Management/ Franklin Research & Development

222 Lewis Wharf, Boston, Massachusetts 02110; (617) 723-1670

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Fully discretionary	$40,000,000
Minimum separate account	$250,000
Tax-exempt clients	29
Types of accounts managed	CEFG
No. of portfolio managers	7
Size of research staff	2

Franklin Management, a balanced manager, combines sector rotation with Graham & Dodd analysis in its equity approach. Industry weightings are based on its relative performance expectations. Within industries, specific stocks are selected based on their income and appreciation potential and their contribution to risk reduction.

While it attempts to anticipate changes in interest rates, its fixed-income strategy is conservative. It focuses on income and capital preservation.

It will actively engage in quality and yield swaps.

Franklin Research & Development manages socially screened accounts but uses the same investment philosophy as Franklin Management.

The asset mix Jan. 1 was 49% stocks, 33% bonds and 18% cash.

Joan L. Bavaria, vice president, is chief investment officer. Edward M. Swan Jr., senior vice president, is client contact.

Franklin Portfolio Associates

1 Post Office Square, Suite 3660, Boston, Mass. 02109; (617) 423-4448

Total assets managed	$483,000,000
Tax-exempt assets managed:	
Total	$483,000,000
Fully discretionary	$483,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	9
Types of accounts managed	CF
No. of portfolio managers	3

Franklin Portfolio Associates Inc., an equity manager, uses a quantitative approach to equity. A multiple valuation approach is used to determine the relative attractiveness of a large universe of stocks. Portfolios are constructed to reflect the firm's stock selection ability. Stocks ranked as unattractive are sold in a disciplined fashion.

The tax-exempt assets as of Jan. 1 were 98% in stocks and 2% in cash.

The firm netted $92 million in new tax-exempt business for 1984.

IBM, Standard Oil (Indiana), Alcoa and GTE are among its clients.

John J. Nagorniak, president, is the chief investment officer. Spencer L. Timm, senior vice president, is the client contact.

The firm is wholly owned by Mellon Bank N.A.

Fraser Management Associates Inc.

309 S. Willard St., P.O. Box 494, Burlington, Vt. 05402; (802) 658-0322

Total assets managed	$62,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Minimum separate account	$100,000
Tax-exempt clients	11
Types of accounts managed	CEF
No. of portfolio managers	4

Fraser Management Associates Inc., an equity manager, makes individual stock selections using contrary opinion theory. Its fixed-income approach is passive.

The tax-exempt asset mix as of Jan. 1 was 95% stocks and 5% bonds.

James L. Fraser, president, is chief investment officer; David D. Steece, vice president, is client contact.

Froley, Revy Investment Co.

10900 Wilshire Blvd., Suite 1050, Los Angeles, Calif. 90024; (213) 208-4938

Total assets managed	$284,000,000
Tax-exempt assets managed:	
Total	$233,000,000
Fully discretionary	$233,000,000
International assets managed	$3,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	24
Types of accounts managed	CFG
No. of portfolio managers	2
Size of research staff	2

Froley, Revy Investment Co. Inc., which specializes in convertible securities, participates in small to medium emerging growth companies through their convertible bonds.

The tax-exempt asset mix was 68% convertible bonds, 20% stocks and 12% cash as of Jan. 1.

Of its bond holdings, $3 million was in Eurodollar convertibles.

The firm netted $19 million in new tax-exempt business for 1984; two clients were added.

Oregon, the Board of Pensions of the United Presbyterian Church, Gannett and CBS are among its clients.

Forty percent of research is generated internally; 200 stocks are followed closely and 500, generally.

George A. Froley III is chief investment officer. Thomas Revy, executive vice president, is client contact.

Frontier Capital Management Co. Inc.

286 Congress St., Boston, Mass. 02210; (617) 426-8880

Total assets managed	$790,000,000
Tax-exempt assets managed:	
Total	$757,000,000
Fully discretionary	$757,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	33
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	4

Frontier Capital Management Co. Inc., an equity manager, combines growth stock, emerging growth and sector rotation in its equity approach.

Its only fixed-income investments are in U.S. Government securities.

The asset mix Jan. 1 was 92% stocks and 8% cash.

The net gain in new tax-exempt business for 1984 was $43 million. Five tax-exempt clients were added.

Clients include Frank Russell Investment Co., Aluminum Co. of America, Hughes Aircraft and Pacific Gas & Electric.

J. David Wimberly, president, is chief investment officer and client contact.

Frost National Bank

P.O. Box 1600, San Antonio, Texas 78296; (512) 220-4361

Total assets managed	$1,119,000,000
Tax-exempt assets managed:	
Total	$175,000,000
Fully discretionary	$175,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	84
Separate	103
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	1

Frost National Bank offers equity, fixed and balanced capabilities.

It uses an undervalued equity approach that uses computerized screens with relative price-to-book coupled with return on equity and earnings per share growth as the dominant factors. Graham & Dodd analysis is used.

Its passive fixed-income approach advocates intermediate maturities (10-year maximum average maturity) with laddered maturities.

Of the tax-exempt assets Jan. 1, $24 million was in commingled and $151 million in separate accounts.

The asset mix was 30% stocks, 59% bonds, 10% cash and 1% equity real estate.

Vernon D. Torgerson Jr., senior vice president, is the chief investment officer. Andrew S. Behrends, vice president, is the client contact.

Furman Selz Capital Management

230 Park Ave., New York, N.Y. 10169; (212) 309-8200

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	10
Types of accounts managed	CF
No. of portfolio managers	3

Furman Selz Capital Management, an equity manager, is a value-oriented stock selector. Capital preservation is the cornerstone of its approach to equity. Its sell discipline protects assets in down markets and locks in profits during positive markets.

It uses an interest rate anticipation approach to fixed income. Bonds are used as equity substitutes; when the firm perceives an advantage in fixed-income investment it allocates assets to that area until the relative values are no longer there.

The asset mix on Jan. 1 was 70% stocks, 20% bonds and 10% cash.

Robert C. Vitale, managing director, is the chief investment officer and client contact.

The firm is wholly owned by Furman Selz Mager Dietz and Birney.

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Gainer Bank

P.O. Box 209, Gary, Ind. 46402; (219) 738-4000

Total assets managed	$166,000,000
Tax-exempt assets managed:	
Total	$96,000,000
Fully discretionary	$96,000,000
Minimum separate account	$100,000
Tax-exempt clients:	
Commingled	100
Separate	45
Types of accounts managed	CEF
No. of portfolio managers	1

Gainer Bank, a balanced manager, holds a minimum number of quality stocks for extensive time periods.

Fixed-income portfolios are constructed to minimize the possibility of loss. Money market instruments and intermediate Treasury bonds are usually the bulk of its holdings. Interest rate anticipation is used.

The bank follows 30 stocks (including 10 mutual funds) closely.

F.D. Michael, executive vice president, is chief investment officer. K.J. Ryan, vice president, is client contact.

GAMCO Investors Inc.

655 Third Ave., New York, N.Y. 10017; (212) 972-2353

Total assets managed	$197,000,000
Tax-exempt assets managed:	
Total	$285,000,000
Fully discretionary	$285,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	14
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	5

GAMCO Investors Inc., an equity manager, identifies investments where current market value is below estimated private market value and the realization of the price differential will occur in 24 to 30 months. Graham & Dodd analysis is used.

The asset mix Jan. 1 was 98% stocks and 2% cash.

The net gain in new tax-exempt business for 1984 was $54 million.

Tax-exempt clients include Honeywell; Masters, Mates & Pilots; and Transamerica.

All of its research originates in-house; 60 stocks are followed closely and 250, generally.

Mario J. Gabelli, chairman, is chief investment officer. J. Richard Walton, president, is client contact.

The firm is a subsidiary of The Gabelli Group Inc., which also controls an NASD broker/dealer.

Gannett Welsh Ives & Kotler

10 Liberty Square, Boston, Mass. 02109; (617) 482-8900

Total assets managed	$280,000,000
Tax-exempt assets managed:	
Total	$31,000,000
Fully discretionary	$31,000,000
International assets managed	$2,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	22
Types of accounts managed	CF
No. of portfolio managers	5
Size of research staff	4

Gannett Welsh Ives & Kotler Inc., an equity and balanced manager, combines sector rotation and Graham & Dodd analysis in its equity approach. Fundamentally oriented research uses valuation/performance criteria and proprietary software monitors.

Its fixed-income approach uses interest rate anticipation and sector analysis with proprietary software techniques for selecting sinking fund issues.

The asset mix Jan. 1 was 60% stocks and 40% bonds; $2 million was invested in international stocks.

Research is 60% internally generated; 71 stocks are followed closely. The firm uses options.

Jackson O. Welsh is the chief investment officer. Benjamin H. Gannett is the client contact.

Ganz Associates Inc.

P.O. Box 601053, North Miami Beach, Fla. 33160; (305) 949-2800

Total assets managed	$75,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
Minimum separate account	$250,000
Tax-exempt clients	20
Types of accounts managed	F
No. of portfolio managers	2

Ganz Associates Inc., an equity manager, combines growth stocks and market timing in its equity approach.

The asset mix on Jan. 1 was 80% stocks, 15% bonds and 5% cash.

Research is 30% internally generated; 30 stocks are followed closely and 100, generally.

Arnold M. Ganz, chairman, is chief investment officer. Charles B. Ganz, president, is client contact.

Gardner and Preston Moss

1 Winthrop Square, Boston, Mass. 02110; (617) 482-6500

Total assets managed	$2,535,000,000
Tax-exempt assets managed:	
Total	$2,198,000,000
Fully discretionary	$2,198,000,000
Minimum separate account	$500,000
Tax-exempt clients	344
Types of accounts managed	CEFGJ
No. of portfolio managers	24

Gardner & Preston Moss Inc. handles equity, fixed-income and balanced accounts.

It varies asset mix based on economic, technical and valuation factors and uses industry-specific key variable and relative valuation measures to vary sector weightings. Low P/E, sector rotation and market timing are part of its approach.

Fixed-income emphasis is on protecting principal and providing consistent returns. It varies maturity based on interest rate outlook and yield curve valuation. It changes sector and quality based on relative value.

The asset mix Jan. 1 was 43% stocks, 30% bonds and 27% cash.

Clients include Washington MTA, Boston Globe, Blue Cross/Blue Shield of Wisconsin and Pneumo Corp.

Research is 50% to 75% internally generated; 180 stocks are followed closely and 2,000, generally.

G. Kinnear Pash, executive vice president, is chief investment officer. Sue Ellen Whelan, marketing administrator, is client contact.

Britannia Arrow Holdings PLC is the parent company. Assets of the parent and its subsidiaries total $4.7 billion.

Garrison, Keogh & Co.

250 Park Ave., New York, N.Y. 10017; (212) 557-7440

Total assets managed	$161,000,000
Tax-exempt assets managed:	
Total	$141,000,000
Fully discretionary	$141,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	20
Types of accounts managed	CEF
No. of portfolio managers	3

Garrison, Keogh & Co. is a balanced manager. It relies strongly on fundamental analysis for its equity strategy. Also employed are technical and statistical studies to determine relative value and risk factors. Possible equity investments are compared with one another and with debt alter-

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natives for optimal total return.

Using interest rate anticipation, its fixed-income approach includes factors such as macro-economic indexes, technical analysis, independent evaluation of the bond issuer's financial strength and perceived changes in fiscal and monetary policies.

The tax-exempt asset mix Jan. 1 was 75% stocks, 13% bonds and 12% cash.

William G. Garrison, president, is chief investment officer; William M. Carey, portfolio manager, is client contact.

Gateway Investment Advisers Inc.

1120 Carew Tower, Cincinnati, Ohio 45202; (513) 621-7774

Total assets managed	$151,000,000
Tax-exempt assets managed:	
Total	$64,000,000
Fully discretionary	$64,000,000
Minimum separate account	$500,000
Tax-exempt clients	44
Types of accounts managed	CEF
No. of portfolio managers	2

Gateway Investment Advisers Inc., an equity options specialist, uses a quantitative (MPT) approach to equity. It specializes in conservative options strategies, often involving index funds. A 90% Treasury-bill/10% option equity strategy eliminates the risk of any loss. It also manages Gateway Option Income Fund, an index fund writing call options.

For fixed income it uses interest rate anticipation, closely monitoring the behavior of short-term interest rates. Significant momentum changes are quantifiable and ultimately will affect long-term rates and determine maturity allocation.

Research is 5% internally generated; 50 stocks are followed closely and 350, generally.

Walter G. Sall, president, is the chief investment officer. Peter W. Thayer, CFA, executive vice president, is the client contact.

Geewax, Terker & Co.

583 Shoemaker Road, Suite 100, King of Prussia, Pa. 19406; (215) 337-2060

Total assets managed	$385,000,000
Tax-exempt assets managed:	
Total	$385,000,000
Fully discretionary	$385,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	15
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

Geewax, Terker & Co., an equity manager, invests in stocks that need the least amount of positive earnings surprise to outperform the market. It takes sector bets and rotates among sectors with the goal of exceeding the S&P 500 over any 12-month period.

The asset mix Jan. 1 was 98% stocks and 2% cash.

The net gain in new tax-exempt business for 1984 was $180 million; 10 clients were added.

Clients include Burroughs Corp., Rockefeller Foundation, Boeing and International Monetary Fund.

Research is 90% internally generated; 1,200 stocks are followed closely.

John J. Geewax and Bruce E. Terker, partners, are the chief investment officers.

General American Investors

330 Madison Ave., New York, N.Y. 10017; (212) 916-9400

Total assets managed	$1,140,000,000
Tax-exempt assets managed:	
Total	$921,000,000
Fully discretionary	$921,000,000
International assets managed	$44,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	18
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	7

General American Investors Co. Inc., an equity manager, takes a bottom-up, growth stock approach, emphasizing individual stock selection based on fundamental research.

The asset mix Jan. 1 was 91% stocks and 9% cash.

Clients include GTE, Oregon and AMAX.

All research originates in-house; 150 stocks are followed closely and 500, generally.

Malcolm B. Smith, president, is the chief investment officer. James B. Book IV, director of marketing, is the client contact.

The firm's wholly owned subsidiary, General American Advisers, is also a registered investment adviser.

General American Life Insurance Co.

700 Market St., St. Louis, Mo. 63101; (314) 321-1700

Total assets managed	$2,793,000,000
Tax-exempt assets managed:	
Total	$1,005,000,000
Fully discretionary	$1,065,000,000
Minimum separate account	$10,000,000
Tax-exempt clients:	
Pooled	350
Individual separate	1
GICs	358
Other	4,007
Types of accounts managed	CG
No. of portfolio managers	5

General American Life Insurance

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Toronto, Ontario
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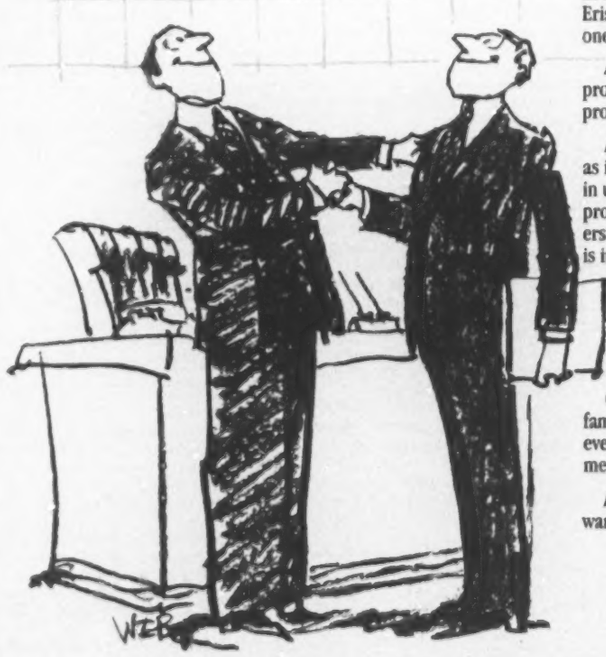
(416) 862-9800

Partners



Partnership—what it takes to make us both successful. At least that has been our experience at Erisco as we developed and refined new software products for over a decade. During that period we've built strong ties with major corporations, benefits administrators and health insurers.

The dialogue that initiates partnership begins for a prospective client when we together evaluate your needs and match them with our capabilities. For existing clients, day-to-day contact at the operating level, seminars, user groups, and more formal consulting on a range of issues help to strengthen the partnership.

You see, Erisco actually is in the business of providing solutions. Advanced software solutions—but more than software. For example, many of our clients are striving to contain costs, streamline operations, and manage their business in a more competitive environment. Implementing Erisco's on-line, state-of-the-art software is one way to achieve those goals.

Another way is by talking with our benefits professionals about work-flow analysis, raising productivity, and other key issues.

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212 765-8500.

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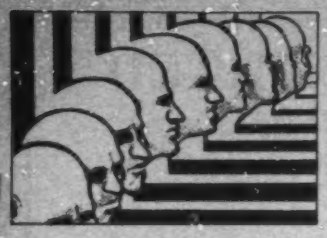
ClaimFacts, Group Facts, ImpleFacts



Co. offers equity, fixed-income, balanced and real estate capabilities.

Its equity approach focuses on larger, high-quality companies with superior growth records in the top 500 U.S. corporations ranked in order of market capitalization. Options are used occasionally.

Its fixed-income approach relies on economic and interest rate forecasts to structure the portfolio's maturity, duration, discount or premium bonds and coupon, to take advantage of expected trends.

Its real estate goal is to generate significant yields from capital appreciation of and income from existing office, retail and industrial properties in high-demand, rapid-growth areas of the country.

On Jan. 1, $94 million was in pooled and $83 million in individual separate accounts. The asset mix was 10% stocks, 9% bonds, 22% short-term securities, 6% equity real estate, 52% mortgages and 1% miscellaneous.

GICs accounted for $304 million.

Clients include Anheuser-Busch, Dr Pepper, Ozark Airlines and Brown Group.

Leonard M. Rubenstein, vice president and treasurer, is the chief investment officer. Ronald O. Drury, vice president-group pension marketing and investment sales, is the client contact.

General American Investment Management Co. is a subsidiary.

GeoCapital Corp.

605 Madison Ave., New York, N.Y. 11050; (212) 935-0111

Total assets managed	$270,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$200,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	14
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

GeoCapital is an equity manager that bases its investment approach on a combination of high-growth securities with intrinsic value situations where it believes value will be proven by corporation and/or outside action.

As of Jan. 1, the asset mix was 86% stocks, 13% cash and 1% bonds.

New tax-exempt business gained in 1984 totaled $10 million in equities. The firm added two tax-exempt clients.

The firm generates 95% of research internally; it follows 60 stocks closely.

Among GeoCapital's 14 tax-exempt clients are GTE, Singer, J.C. Penney, and Xerox.

Irwin Lieber, president, is the chief investment officer; Barry Fingerhut, senior vice president, is the client contact.

Kenneth J. Gerbino & Co.

9595 Wilshire Blvd. #200, Beverly Hills, Calif. 90212; (213) 550-6304

Total assets managed	$70,000,000
Tax-exempt assets managed:	
Total	$12,000,000
Fully discretionary	$12,000,000
Minimum separate account	$250,000
Tax-exempt clients	80
Types of accounts managed	CJ
No. of portfolio managers	1
Size of research staff	1

Kenneth J. Gerbino & Co., an equity manager, buys good companies, not just good stocks. Gerbino & Co. considers the people who lead a company to be some of that company's best assets; it believes an aggressive growth plan will lead to stock price appreciation.

The asset mix Jan. 1 was 70% stocks and 30% cash.

The firm netted $5 million in new tax-exempt business for 1984; 35 tax-exempt clients were added.

All of its research originates in-house; 50 stocks are followed closely and 200, generally.

Kenneth J. Garbino, owner, is the chief investment officer. Marsha Friedman, executive vice president, is the client contact.

Gintel Equity Management

Greenwich Office Park, OP-6, Greenwich, Conn. 06830; (203) 622-6400, (800) 243-5808

Total assets managed	$183,000,000
Tax-exempt assets managed:	
Total	$77,000,000
Fully discretionary	$77,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	25
Types of accounts managed	CEFGJ
No. of portfolio managers	1
Size of research staff	3

Gintel Equity Management Inc., an equity manager, combines growth, emerging growth and low P/E stocks in its equity approach. It seeks opportunities in undervalued securities in which earning power appears unrecognized in security valuation. It is oriented to special situations and viewed as "contrarian."

Short-term money market instruments are used to protect assets and preserve capital when stock market conditions appear unfavorable.

The tax-exempt asset mix Jan. 1 was 67% stocks, 29% cash and 4% bonds.

Robert M. Gintel is the chief investment officer. A.L. Robinson Jr. is the client contact.

The firm is affiliated with Gintel & Co., a member of the stock exchange.

The Glenmede Trust Co.

229 S. 18th St., Philadelphia, Pa. 19085; (215) 875-3230

Total assets managed	$2,500,000,000
Tax-exempt assets managed:	
Total	$1,900,000,000
Fully discretionary	$1,800,000,000
Real estate assets managed	$1,000,000
International assets managed	$38,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	24
Types of accounts managed	FJ
No. of portfolio managers	4
Size of research staff	1

The Glenmede Trust Co. offers equity, fixed and balanced capabilities.

Its value-oriented equity style employs computers to convert words to numbers, to remove subjective judgments and to observe with historical perspective. Low P/E ratios are sought.

Its fixed-income style is to observe the yield curve, sector valuations, quality spreads with historical perspective to determine value.

All assets were in separate accounts Jan. 1. The asset mix was 85% stocks, 7% bonds, 3% cash and 5% mortgage-backed securities. International investments included $30 million in stocks, $5 million in bonds and $3 million in cash.

Pew Memorial Trust, J.H. Pew Freedom Trust, J.N. Pew Trust and Medical Trust are among its clients.

Research is 10% internally generated; 150 stocks are followed closely and 1,000, generally. Options are used.

John W. Church Jr., vice president, is chief investment officer. Paul Irwin, vice president, is client contact.

Glickenhaus & Co.

6 E. 43rd St., New York, N.Y. 10017; (212) 953-7857

Total assets managed	$1,100,000,000
Tax-exempt assets managed:	
Total	$790,000,000
Fully discretionary	$790,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	62
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	4

Glickenhaus & Co. is an equity and fixed-income manager. In equities, it was a low P/E approach, with risk consciousness its guiding tenet. The firm is a value manager, using both judgmental and quantitative processes to evaluate downside risk vs. opportunity for upside potential. It has a flexible attitude toward allocation of assets among equity, fixed income and cash equivalent securities.

Its interest rate approach to fixed income is heavily influenced by risk consciousness. Creditworthiness of issuer and maturity risk are important. Actions of the Federal Reserve and the supply and demand for short- and long-term credit are analyzed.

The tax-exempt asset mix Jan. 1 was 90% stocks, 5% bonds and 5% cash.

Clients include Philip Morris, Texasgulf, Xerox and state of Oregon.

Research is 80% internally generated; 100 stocks are followed closely and 300, generally.

Seth M. Glickenhaus, partner, is chief investment officer. Connie J. Moak, partner, is client contact.

Globe Finlay Inc.

245 Park Ave., New York, N.Y. 10167; (212) 557-7022

Total assets managed	$220,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	8
Types of accounts managed	CFG
No. of portfolio managers	8

The equity approach of international manager Globe Finlay is based on growth stock and rotation among international markets. Portfolios are concentrated in stocks and markets where local earnings multiple valuations are justified by above-average, medium-term growth prospects.

As of Jan. 1, tax-exempt assets totaled $100 million, with a mix of 90% stocks and 10% cash.

The firm is affiliated with London-based Globe Investment Trust. Assets under management by the parent company and all subsidiaries total $1.8 billion.

Francis Finlay, chairman, is the chief investment officer; Ralph Di Fiore, principal, is the client contact.

Gofen & Glossberg Inc.

401 N. Michigan Ave., Chicago, Ill. 60611; (312) 828-1100

Total assets managed	$2,200,000,000
Tax-exempt assets managed:	
Total	$250,000,000
Fully discretionary	$200,000,000
Minimum separate account	$500,000
Tax-exempt clients	150
Types of accounts managed	CEFG
No. of portfolio managers	8
Size of research staff	3

Gofen & Glossberg Inc., a balanced manager, combines growth stock and Graham & Dodd analysis in its equity approach. Stressing total return, its valuation techniques emphasize the relationship of the P/E ratio to anticipated growth rates.

With an interest rate anticipation approach to fixed income, it seeks the maximum rate of return consistent with minimal volatility of principal values.

The tax-exempt asset mix Jan. 1 was 50% bonds, 40% stocks and 10% cash.

The net gain in new tax-exempt business for 1984 totaled $10 million: $7 million in fixed and $3 million in equities.

Research is 25% internally generated; 100 stocks are followed closely and 500, generally.

Carl X. Elvove, president, is the chief investment officer. Mark R. Goodman is the client contact.

Charles W. Gould

375 Park Ave., New York, N.Y. 10022; (212) 935-3980

Total assets managed	$61,000,000
Tax-exempt assets managed:	
Total	$45,000,000
Fully discretionary	$45,000,000
Minimum separate account	$500,000
Tax-exempt clients	25
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	2

Charles W. Gould, a balanced manager, uses a Graham & Dodd approach to equity.

Fixed-income investments, based on sector analysis, are used as a balance wheel for portfolios, fluctuating with the equity outlook.

The tax-exempt asset mix Jan. 1 was 20% to 40% stocks and 60% to 80% bonds.

The net gain in new tax-exempt business for 1984 was $4 million; four clients were added.

All research originates in-house; 40 stocks are followed closely and 60 to 80, generally.

Charles W. Gould is the chief investment officer and client contact.

Gould Research Inc.

3443 N. Central Ave., Phoenix, Ariz. 85012; (602) 248-4895

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$90,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	9
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	2

Gould Research Inc., an equity and balanced manager, combines sector rotation and quantitative techniques in its equity approach and uses interest rate anticipation for fixed-income investments.

The tax-exempt asset mix Jan. 1 was 65% stocks, 20% bonds and 15% cash.

Arizona Laborers, Teamsters & Cement Masons; Southwest Forest Industries; Western Savings; and Smitty's Super Valu are among its tax-exempt clients.

Research is 70% internally generated; 300 stocks are followed closely and 500, generally.

J.B. Gould is the chief investment officer and client contact.

Grace Capital Inc.

30 Broad St., New York, N.Y. 10004; (212) 635-0610

Total assets managed	$73,000,000
Tax-exempt assets managed:	
Total	$32,000,000
Fully discretionary	$32,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	30
Types of accounts managed	CJ
No. of portfolio managers	5

Grace Capital Inc. is an equity, fixed-income and hedge manager.

It takes an eclectic approach to equity, stressing flexibility. Market timing and growth stock are used. It also manages a hedged equity program which highlights safety, dividends and short-term capital gains when available.

Asset allocation models allow flexibility in shortening or extending fixed-income maturities. Hedging techniques reduce market volatility.

Half its research originates in-house. Options and fixed-income and stock-index futures are used.

H. David Grace, president, is the chief investment officer. Thomas P. Zucosky, director of marketing, is the client contact.

Gradison & Co. Inc.

580 Building, Plaza Level, Cincinnati, Ohio 45202; (513) 579-5864

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$42,000,000
Fully discretionary	$37,000,000
Minimum separate account	$300,000
Tax-exempt clients	36
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	3

Gradison & Co. Inc., an equity manager, combines low P/E and quantitative techniques in a rigid, disciplined approach that is both growth- and value-oriented, using a computer model.

Its passive fixed-income approach uses staggered maturities out no more than 10 years.

The tax-exempt asset mix Jan. 1 was 70% stocks, 25% bonds and 5% cash.

William J. Leugers, senior vice president, is the chief investment officer. Alfred M. Brunner and Daniel R. Shick, portfolio managers, are the client contacts.

Gray Seifert & Co. Inc.

330 Madison Ave., New York, N.Y. 10017; (212) 573-8188

Total assets managed	$300,000,000
Tax-exempt assets managed:	
Total	$130,000,000
Fully discretionary	$130,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	31
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	3

Gray Seifert & Co. Inc., an equity manager, is a bottom-up investor concentrating on current earnings and dividends. Graham & Dodd is used.

Interest rate anticipation is used for fixed income.

The asset mix Jan. 1 was 45% stocks, 45% bonds and 10% cash.

Miles P. Seifert, chairman, is the chief investment officer. Lawrence A. Bishop, executive vice president, is the client contact.

The firm is 90% owned by IDS/American Express, which has $40 billion in assets among the parent and subsidiaries.

R.W. Graybill Ltd.

206 N. York, Elmhurst, Ill. 60126; (312) 941-9460

Total assets managed	$32,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$250,000
Tax-exempt clients	25
Types of accounts managed	CF
No. of portfolio managers	2

R.W. Graybill Ltd., a balanced manager, has a total return concept with a bottom-up approach to equity. Relative valuation techniques assist in timing portfolio changes on generally low P/E and high-quality equities.

In fixed income, short-term laddered portfolios are used to balance equity volatility.

The tax-exempt asset mix Jan. 1 was 60% stocks, 25% bonds and 15% cash.

The firm follows 85 stocks closely and 200, generally.

R.W. Graybill, president, is the chief investment officer. George R. Strell is the client contact.

The Great-West Life Assurance Co.

100 Osborne St. N., Winnipeg, Manitoba R3C 3A5; (204) 946-1190

Total assets managed	$8,067,000,000
Tax-exempt assets managed:	
Total	$1,091,000,000
Fully discretionary	$1,091,000,000
Real estate assets managed	$634,000,000
International assets managed	$39,000,000
Minimum separate account	$3,500,000
Tax-exempt clients	193
Types of accounts managed	CGU
No. of portfolio managers	15
Size of research staff	60

Great-West Life Assurance Co., a Canadian firm, has equity, fixed-income, balanced and real estate capabilities.

Great-West uses a passive/active strategy for common stock management. The indexed core provides diversification and superior returns and efficiently implements the important timing decision. An aggressively managed U.S. fund complements the indexed core by investing in the half of the S&P 500 index not available in Canada.

The fixed-income approach is based on interest rate anticipation and invests the majority of the exposure in a pooled commercial and industrial mortgage fund. Capital appreciation is captured with an actively traded bond fund that has the ability to vary term quickly.

The actively managed real estate portfolio contains commercial, office and industrial properties. Value is added through rehabilitation and market timing.

The asset mix Jan. 1 was 35% Candian stocks, 20% bonds, 10% equity real estate, 25% mortgages and 10% U.S. stocks.

Research is 80% internally generated; 30 stocks are followed closely and 65, generally.

M.G. Smith, executive vice president-investments, is the chief investment officer; J.P. Embry, vice president-pension investments, is the client contact.

The firm is a subsidiary of Power Financial Corp. Assets of the parent and subsidiaries total $33 billion.

Profiles

David J. Greene & Co.
30 Wall St., New York, N.Y. 10005; (212) 344-5180

Total assets managed	$1,013,000,000
Tax-exempt assets managed:	
Total	$700,000,000
Fully discretionary	$700,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	130
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	10

David J. Greene & Co., an equity manager, concentrates on the preservation of capital in conjunction with reasonable appreciation on a total return basis. The firm realizes its goals through investment in undervalued equities, turnaround opportunities and special situations. Its equity approach includes low P/E and Graham & Dodd analysis.

The asset mix Jan. 1 was 70% stocks and 30% cash.

The firm had a net loss of $8.5 million in tax-exempt business for 1984; 10 clients were added.

Its clients include Beatrice Foods, Georgia Pacific, General Mills and Time Inc.

All research originates in-house; 150 stocks are followed closely and 300, generally.

Alan I. Greene, managing partner, is the chief investment officer. Allan D. Sutton, partner in charge of investment advisory department, is the client contact.

Greenspan O'Neil Associates
150 E. 52nd St., New York, N.Y. 10022; (212) 319-2520

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	1

Greenspan O'Neil Associates, an equity, fixed-income and balanced manager, was formed in September 1984.

It uses sector rotation and Graham & Dodd analysis in its equity approach. Early identification of trends that move securities prices, combined with good judgment on valuations of capital markets, sectors and issues, enhances the potential for consistent above-average returns.

Interest rate anticipation and sector analysis are used in fixed income.

The asset mix Jan. 1 was 50% stocks, 25% bonds and 25% cash.

Gulf & Western is its client.

Research is 25% internally generated; 120 stocks are followed closely and 1,000, generally.

C. Roderick O'Neil, chairman, is the chief investment officer. Frederick E. Thalmann Jr., managing director, is the client contact.

The Griffin Group
200 W. Madison, Suite 2710, Chicago, Ill. 60606; (312) 407-6300

Total assets managed	$2,417,000,000
Tax-exempt assets managed:	
Total	$2,417,000,000
Fully discretionary	$2,417,000,000
Real estate assets managed	$13,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	72
Types of accounts managed	CEF
No. of portfolio managers	6

The Griffin Group offers equity, fixed and balanced management.

Its equity style is to perceive the influence of internal or external change on the growth prospects for a company or industry soon enough to capitalize on the future adjustments to market valuations.

Its controlled risk fixed-income approach quantifies investment objectives into a benchmark portfolio against which it must manage. Interest rate anticipation, sector analysis and individual issue arbitrage are practiced.

The asset mix Jan. 1 was 30.8% stocks, 47.1% bonds, 21.6% cash and 0.5% mortgage-backed securities.

The firm netted $443.3 million in new tax-exempt business for 1984.

Clients include AT&T, W.W. Grainger, and Procter & Gamble.

Half its research originates in-house; 150 stocks are followed closely and 200, generally. Options, stock index and fixed-income futures are used.

David R. Gels, chariman, is the chief investment officer. Geoffrey P. Lutz, director of regional sales, is the client contact.

Keystone Custodian Funds, Inc.
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FIXED INCOME ADVISERS
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Specializing in diversified
fixed income management including
high quality and high yield portfolios
for tax-exempt assets.
Contact:
Thomas E. Keating
President
203/277-7777

The firm is a wholly owned subsidiary of Northern Trust Corp., for whom it acts as investment adviser for nine commingled funds.

T.M. Griffing Associates Inc.
29 Broadway, New York, N.Y. 10006; (212) 422-8620

Total assets managed	$18,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$250,000
Tax-exempt clients	5
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	1

T.M. Griffing Associates Inc., an equity, fixed-income and balanced manager, combines growth and emerging growth stocks in its equity approach. The principal emphasis is long-term capital appreciation and special situation equities.

Using interest rate anticipation, its fixed-income approach depends on economic and market analysis to determine relative attractiveness of debt securities, yields, maturities and quality.

The tax-exempt asset mix Jan. 1 was 40% bonds, 35% stocks and 25% cash.

Half of its research originates in-house; six to eight stocks are followed closely, and 10 to 12, long term. The firm uses options.

Thomas M. Griffing is chief investment officer and client contact.

Growth Stock Outlook
4405 E. West Hwy., Bethesda, Md. 20814; (301) 654-5205

Total assets managed	$149,000,000
Tax-exempt assets managed:	
Total	$70,000,000
Fully discretionary	$70,000,000
Minimum separate account	$150,000
Tax-exempt clients	100
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	4

Growth Stock Outlook, an equity manager, combines growth, emerging growth and low P/E stocks and Graham & Dodd analysis in its investment approach.

The tax-exempt asset mix Jan. 1 was 80% stocks and 20% cash.

The net gain in new tax-exempt business for 1984 was $12 million; 35 clients were added.

All research originates in-house; 500 stocks are followed generally.

Charles Allmon, president, is chief investment officer and client contact.

Gryphon Investment Counsel
2000 Peel St., Suite 710, Montreal, Quebec H3A 2W5; (514) 288-4122

Total assets managed	$389,000,000
Tax-exempt assets managed:	
Total	$389,000,000
Fully discretionary	$389,000,000
U.S. assets managed	$71,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	19
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	2

Gryphon Investment Counsel Inc., a Canadian firm, provides equity, fixed-income, balanced and portfolio immunization capabilities.

Sector rotation, market timing and fundamental analysis are used in the firm's equity approach. Stock selection within the sectors is dependent on in-house research.

In fixed income investments, emphasis is on active interest rate timing, with goals of preservation and enhancement of capital to maximize total return. Concentration is in high-quality marketable bonds, switching to cash when appropriate.

On Jan. 1, Gryphon had a tax-exempt asset mix of 57% Canadian stocks, 30% bonds, 10% cash and 3% U.S. stocks.

It follows 100 stocks closely and 300, generally. Forty percent of research is generated internally.

Three of its tax-exempt clients are pension funds of subsidiaries of U.S. firms.

George B. Kiddell, president and managing partner, is chief investment officer. Ronald E.F. Kaulbach, managing partner, is client contact.

G.T. Capital Management
601 Montgomery St., Suite 1400, San Francisco, Calif. 94111; (415) 392-6181

Total assets managed	$976,000,000
Tax-exempt assets managed:	
Total	$602,000,000
Fully discretionary	$591,000,000
International assets managed	$320,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	18
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	7

G.T. Capital Management is an equity and international manager. Its investment philosophy of global growth investing combines a top-down approach to geographic asset allocation (growth economies) with a bottom-up approach to security selection (growth companies).

The asset mix Jan. 1 was 95% stocks and 5% cash.

The net gain in new tax-exempt business for 1984 was $42 million.

IBM, GM, GTE and Sears are among its clients.

Research is 30% internally generated; 260 stocks are followed closely and 600, generally.

Benson H. Fung, executive vice president-international, is the chief investment officer. Mary Lou Bernhoft, vice president-marketing and client service, is the client contact.

Guaranty Trust Co. of Canada
366 Bay St., Toronto, Ontario M5H 3N8; (416) 863-5227

Total assets managed	$889,000,000
Tax-exempt assets managed:	
Total	$889,000,000
Fully discretionary	$889,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	236
Types of accounts managed	CFGU
No. of portfolio managers	5

Guaranty Trust Co. of Canada, has equity, fixed-income, balanced and real estate capabilities.

In equities, it employs a low P/E approach, emphasizing security selection and industry diversification (maximum industry exposure is 20%). Thirty percent of the portfolio may be in high-quality, small-equity-base companies (maximum exposure — 2%).

For fixed income, a sector analysis approach is used. Emphasis is placed on medium-term maturity schedules, extendible and retractable options and high coupon income. Bond holdings will be spread among Canada's provincials and corporates with a minimum of an A rating.

Real estate is being added.

The asset mix Jan. 1 was 35% Canadian stocks, 33% bonds, 10% cash, 12% mortgages and 10% U.S. stocks.

The firm follows 100 stocks closely and 200, generally.

Clients include Champion Spark Plug of Canada and Canadian Gypsum.

Peter Spark, vice president-investments, is the chief investment officer; D.E. Wannamaker, vice president-pension services, is the client contact.

Guardian Capital Investment Counsel Ltd.
48 Yonge St., Suite 500, Toronto, Ontario M5E 1H3; (416) 364-8341

Total assets managed	$1,029,000,000
Tax-exempt assets managed:	
Total	$944,000,000
Fully discretionary	$944,000,000
U.S. assets managed	$420,000,000
International assets managed	$158,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	36
Types of accounts managed	CFU
No. of portfolio managers	9
Size of research staff	1

Guardian Capital Investment Counsel Ltd., a Canadian firm, has equity, fixed-income and balanced capabilities.

Its equity approach uses Graham & Dodd analysis and growth stocks.

The duration of the fixed-income portfolios are moved along the yield curve depending on the interest rate outlook taking into account value, economic, monetary and technical factors.

The asset mix Jan. 1 was 40% Canadian bonds, 30% bonds, 17% cash, 7% mortgages and 6% U.S. and international stock.

The firm follows 50 stocks closely and 100, generally. It generates 50% of its research internally.

Guardian Capital has seven clients that are pension funds of subsidiaries of U.S. firms.

Clients include Boise Cascade Canada, GTE, Ford Motor Co. of Canada and The University of Waterloo.

Gurston I. Rosenfeld, president, is the chief investment officer; Lesley Scott, manager-pension client services, is the client contact.

Guardian Capital Group Ltd. is the parent.

Guardian Timing Services
74 Victoria St., Third Floor, Toronto, Ontario M5C 2A5; (416) 863-1100

Total assets managed	$8,000,000
Tax-exempt assets managed:	
Total	$1,000,000
Fully discretionary	$1,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	1

Guardian Timing Services Inc., a Canadian firm, is an equity manager, using portfolio insurance techniques and disciplined market timing. Equity exposure is achieved through U.S. and Canadian index-type portfolios or mutual funds.

For fixed income, the firm invests only in money market instruments.

All assets were in U.S. stocks Jan. 1.

All research is generated internally.

Jean-Pierre Fruchet, president, is the chief investment officer and the client contact.

Guild Investment Management Inc.
P.O. Box 572, Fairfield, Iowa 52556; (515) 472-2120

Total assets managed	$70,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$200,000
Tax-exempt clients	25
Types of accounts managed	CEFJ
No. of portfolio managers	1
Size of research staff	2

Guild Investment Management Inc. deals primarily in U.S. equities, but has the capability for foreign equities, currencies and bonds when opportunities arise.

Along with buying low P/E and growth stocks, it employs a very specific system to cut declining stocks from the highest point they have reached since purchased.

Research is 60% internally generated; 30 stocks are followed closely and 200, generally. Options are used.

Montague Guild Jr., president, is the chief investment officer. C. Allen Teague, vice president, is the client contact.

Gulf Investment Management Inc.
580 Westlake Park Blvd., Suite 1120, Houston, Texas 77079; (713) 493-5887

Total assets managed	$109,000,000
Tax-exempt assets managed:	
Total	$64,000,000
Fully discretionary	$64,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	30
Types of accounts managed	CFG
No. of portfolio managers	2

Gulf Investment Management Inc., an equity manager, uses low P/E stocks and Graham & Dodd analysis in a fundamental and disciplined equity approach with a preference for out-of-favor or overlooked securities. Two investment disciplines underlie its buy and sell decisions.

The asset mix Jan. 1 was 84% stocks and 16% cash.

Half of its research originates in house; 250 stocks are followed closely.

Thomas G. Macrini, president, is the chief investment officer. T. Charles Toomey, vice president, is the client contact.

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Hagler, Mastrovita & Hewitt

1 Post Office Square, Boston, Mass. 02109; (617) 423-6199

Total assets managed	$640,000,000
Tax-exempt assets managed:	
Total	$640,000,000
Fully discretionary	$640,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	13
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	3

For Hagler, Mastrovita & Hewitt Inc., an equity, fixed-income and balanced manager, the primary equity investment objective is to buy successful companies that are underpriced relative to earning power. Mingling sector rotation with low P/E stocks and Graham & Dodd techniques, it searches for value and actively manages the overall portfolio risk level.

For fixed income, it systematically compares expected returns and risks across the spectrum of capital market opportunities and concentrates on sectors and securities where risk-adjusted prospects are best. Interest rate anticipation and sector analysis are used.

The asset mix Jan. 1 was 89% stocks, 6% bonds and 5% cash.

The net gain in new tax-exempt business for 1984 totaled $180 million: $165 million in fixed and $15 million in equities; four tax-exempt clients were added.

Ford Foundation, Abbott Laboratories, Mayo Clinic and Maryland are among its clients.

Robert P. Mastrovita, president, is chief investment officer. Jon L. Hagler, chairman, is client contact.

Hahn Holland & Grossman

180 N. Wacker Drive, Chicago, Ill. 60606; (312) 984-3580

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$95,000,000
Fully discretionary	$95,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	14
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	1

For Hahn Holland & Grossman, an equity manager, the overriding concern in equity investments is to conserve capital in falling markets. Its top-down approach emphasizes evaluation of market direction first, attractive industries to concentrate in, second, and large-capitalization, value-oriented stocks.

Its fixed-income approach stresses interest rate anticipation. As an outgrowth, it will structure portfolios with either long, intermediate or short obligations. Portfolios contain governments or triple-A corporates depending on yield spreads.

The asset mix Jan. 1 was 90% stocks, 5% bonds and 5% cash.

Donald Hahn, partner, is the chief investment officer. Kenneth Grossman, partner, is the client contact.

The firm is in partnership with Northwestern National Life Insurance Co., Minneapolis.

Hamblin Watsa Investment Counsel Ltd.

67 Yonge St., Suite 1502, Toronto, Ontario M5E 1J8; (416) 366-9492

Total assets managed	$65,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
International assets managed	$3,000,000
Minimum separate account	$10,000,000
Tax exempt clients	2
Types of accounts managed	CF
No. of portfolio managers	2

Hamblin Watsa Investment Counsel, a Canadian firm, has equity, fixed-income and balanced capabilities.

In equities, Graham & Dodd analysis is used in a value approach. The firm buys individual stocks when they are selling below intrinsic value; it does not forecast the economy or the stock market.

The fixed-income approach uses interest rate anticipation, concentrating on the term structure decision, but considering sectors, quality and coupons on a spread basis.

The asset mix Jan. 1 was 50% Canadian stock, 40% bonds and 10% U.S. stock.

The firm follows 100 stocks closely and 400, generally. It generates 75% of its research internally.

A.F. Hamblin, president, and V.P. Watsa, vice president, are the chief investment officers; Mr. Hamblin is the client contact.

Hambrecht & Quist Equity Management

235 Montgomery St., San Francisco, Calif. 94104; (415) 986-5115

Total assets managed	$78,000,000
Tax-exempt assets managed:	
Total	$72,000,000
Fully discretionary	$72,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	15
Types of accounts managed	CEFG
No. of portfolio managers	2
Size of research staff	2

Hambrecht & Quist Equity Management focuses exclusively on public, profitable, high-growth technology equities for maximum appreciation. Portfolios are diversified by technology sector and corporate life cycle stage.

All assets were in stocks Jan. 1.

The net gain in new tax-exempt business was $23 million; four tax-exempt clients were added.

Michael T. Jackson and Albert L. Toney Jr., general partners, are the chief investment officers. Helen Blanchard is the client contact.

Hambrecht & Quist Group, a limited partner, has assets totaling $520 million.

The John Hancock Cos.

John Hancock Place, P.O. Box 111, Boston, Mass. 02117; (617) 421-6000

Total assets managed	$32,500,000,000
Tax-exempt assets managed:	
Total	$13,200,000,000
Fully discretionary	$13,200,000,000
Minimum separate account	$10,000,000
Tax-exempt clients:	
Pooled	365
Individual separate	7
GICs	917
Other	2,000
Types of accounts managed	CEFGJ
No. of portfolio managers	22
Size of research staff	35

The John Hancock Cos. offer equity, fixed-income, balanced, real estate and venture capital capabilities.

Its subsidiary, Independence Investment Associates, manages the equity, fixed-income and balanced accounts.

For real estate, John Hancock matches a fund's need with either a commingled fund or a separately managed investment. The firm has capabilities for both commercial and timber/agriculture investments.

Of the tax-exempt assets under management Jan. 1, $1.7 billion was in pooled separate accounts and $300 million in individual accounts. The asset mix was 28.1% stocks, 6.8% bonds, 4.7% cash, 34.7% equity real estate, 5.9% mortgages, 6.9% balanced, 2.8% convertible/warrants and 10.1% other.

Clients include Honeywell, Arco, National Sheet Metal Workers and IBM.

Stephen L. Brown, executive vice president-investment operations, is the chief investment officer. Richard P. Troy, vice president-investment marketing, is the client contact.

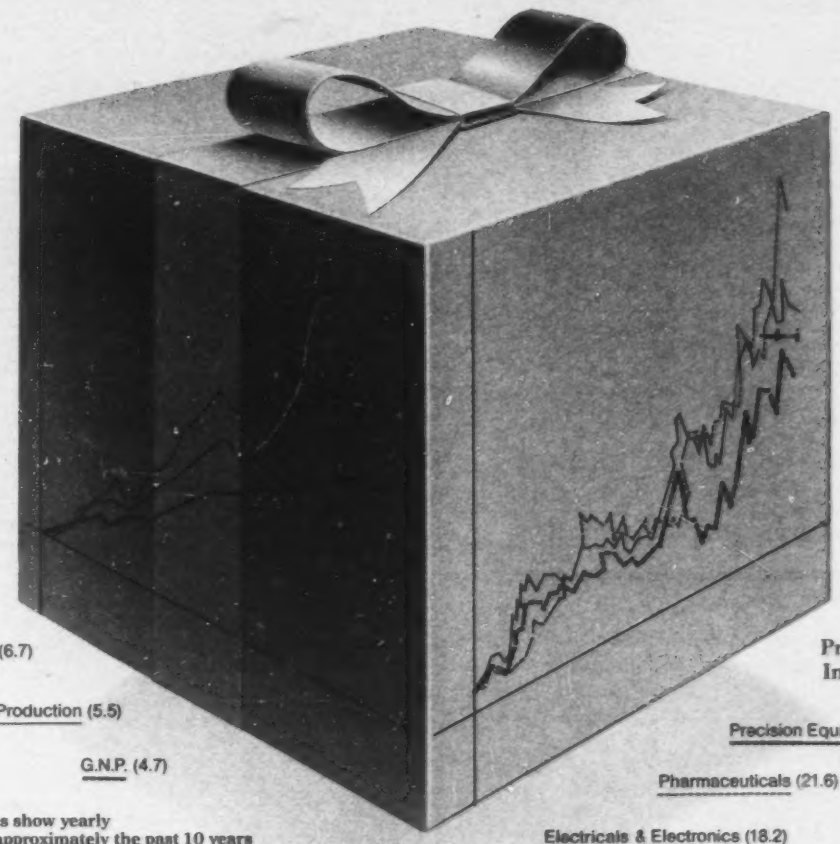
Independence Investment Associates and John Hancock Venture Capital Management Inc. are its subsidiaries.

Hanson Investment Management Co.

21 Tamal Vista Blvd., Corte Madera, Calif. 94925; (415) 924-7234

Total assets managed	$183,000,000
Tax-exempt assets managed:	
Total	$152,000,000
Fully discretionary	$152,000,000
Minimum separate account	$500,000
Tax-exempt clients	18

THE JAPAN PACKAGE



Figures in parentheses show yearly growth rates for approximately the past 10 years

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NEW JAPAN CAPITAL MANAGEMENT (U.S.A.), INC.
One World Trade Center, Suite 4959 New York, New York 10048
Tel.: (212) 938-5602

Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	1

Hanson Investment Management Co., an equity manager, uses a Graham & Dodd approach to investments.

Stressing interest rate anticipation in its fixed-income approach, it takes advantage of major changes in interest rates by shortening or lengthening maturities and by changes in sector emphasis.

The asset mix Jan. 1 was 75% stocks, 17% bonds and 8% cash.

The net gain in new tax-exempt business for 1984 was $40 million, all in equities; six clients were added.

Marin County Employees, Hawaii Laborers, Episcopal Homes of California and Contra Costa City Employees are among its clients.

Herbert M. Hanson Jr. is chief investment officer and client contact.

Harbor Capital Management

1 Post Office Square, Suite 3120, Boston, Mass. 02109; (617) 338-4220

Total assets managed	$637,000,000
Tax-exempt assets managed:	
Total	$487,000,000
Fully discretionary	$474,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	51
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	3

Harbor Capital Management Co. Inc., a balanced manager, uses a disciplined, "bond-competitive" decision-making process and strong fundamental research.

It combines selections from a focused universe of growth stocks with carefully chosen low P/E, high-yield stocks.

Its fixed-income approach stresses the achievement of a real rate of return through a conservative philosophy that relies on fundamental economic and interest rate analysis rather than high-turnover trading.

The asset mix Jan. 1 was 49% bonds, 43% stocks and 8% cash.

The net gain in new tax-exempt business totaled $134 million in 1984: $112 million in balanced and $22 million in equities; 14 clients were added.

El Paso, Texas; Electron Corp.; Simmons College; and Michigan Operating Engineers Local 324 are among its tax-exempt clients.

Frederick G.P. Thorne is chief investment officer; E. William Hansen, senior vice president, is client contact.

Harris Associates Inc.

120 S. LaSalle St., Suite 1330, Chicago, Ill. 60603; (312) 621-0600

Total assets managed	$1,387,000,000
Tax-exempt assets managed:	
Total	$527,000,000
Fully discretionary	$500,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	108
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	7

Harris Associates Inc., an equity and balanced manager, has a value-oriented approach to equity using Graham & Dodd techniques.

Its fixed-income approach is passive.

The asset mix Jan. 1 was 69% stocks, 17% cash and 14% bonds.

The net gain in new tax-exempt business for 1984 was $66 million; 12 clients were added.

Oregon; Foote, Cone & Belding; RCB Special Equity Trust and Texaco are among its tax-exempt clients.

Half of its research originates in-house; 100 stocks are followed closely and 400, generally.

Earl J. Rusnak Jr., managing director, is the client contact.

Harris, Greenhouse, Kutzel

56 Beaver St., New York, N.Y. 10004; (212) 514-9800

Total assets managed	$318,000,000
Tax-exempt assets managed:	
Total	$318,000,000
Fully discretionary	$318,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	16
Types of accounts managed	CGJ
No. of portfolio managers	4

Harris, Greenhouse, Kutzel Inc., an equity, fixed-income and balanced manager, has a value-oriented equity approach combining growth stock, sector rotation and market timing. It buys out-of-favor issues with above-average growth potential, with major impact based on historical position in stock market vs. economic cycles.

Basing its fixed-income approach on interest rate anticipation, it minimizes potential asset erosion by maintaining a maturity schedule of six years or less and trades actively along the curve.

The asset mix Jan. 1 was 55% stocks, 35% bonds and 10% cash.

The net gain in new tax-exempt business for 1984 was $100 million in balanced accounts; six clients were added.

Jeffrey T. Harris, president and fixed-income manager, and Warren A. Greenhouse, executive vice president and equity manager, are the chief investment officers. Joseph E. Kutzel, executive vice president, is the client contact.

Harris Trust & Savings Bank

111 W. Monroe St., Chicago, Ill. 60603; (312) 461-2121

Total assets managed	$14,723,000,000
Tax-exempt assets managed:	
Total	$8,885,000,000
Fully discretionary	$8,885,000,000
Real estate assets managed	$8,000,000
Minimum separate account	$3,000,000
Tax-exempt clients:	
Commingled	350
Separate	270
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	13

Harris Trust & Savings Bank offers equity, fixed and balanced capabilities. It also manages real estate, stock index futures options and convertible securities.

Its fully discretionary equity approach emphasizes, in priority order, security selection, sector emphasis and market timing.

Other approaches are offered, including index, low P/E and medium-cap investing.

Its fully discretionary bond approach emphasizes the active management of maturity, term structure, sector and quality exposures. Techniques include traditional active management, core and indexed management and all forms of dedicated and immunized portfolios.

It acquires unleveraged commercial properties (office, industrial, retail) that are leased, operating and producing an attractive level of cash flow with the opportunity to increase cash flow as leases are renewed.

Of the tax-exempt assets Jan. 1, $2.7 billion was in commingled and $6.2 billion in separate accounts.

The asset mix was 26% stocks, 45% bonds and 29% cash.

The bank netted $3.2 billion in new tax-exempt business for 1984; 90 tax-exempt clients were added.

Research is 70% internally generated; 400 stocks are followed closely and 1,000, generally.

William S. Gray, senior vice president, is the chief investment officer. Gary S. Klem, vice president, is the client contact.

Hartford Life Cos.

1 Waterside Crossing, Windsor, Conn. 06095; (203) 683-8001

Total assets managed	$3,378,000,000
Tax-exempt assets managed:	
Total	$1,230,000,000
Fully discretionary	$1,230,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Pooled	335
Individual separate	1
Other	653
Types of accounts managed	CGJ
No. of portfolio managers	4
Size of research staff	10

The Hartford Life Cos. offers equity, fixed-income, balanced, mortgage-backed securities and real estate capabilities.

The equity approach is based on Graham & Dodd analysis. Hartford Life structures equity portfolios by sector, industry and company. If necessary, the portfolio will undergo continuous recomposing to achieve the client's return-risk objectives.

Its fixed-income approach combines interest rate anticipation and sector analysis. Its commingled fund anticipates the level and shape of the yield curve to offer high return with principal value guaranteed; for separate accounts, it identifies value among market segments and positions maturities to maximize total return.

For real estate investing, it acquires properties that offer both attractive yields and the prospect of long-term appreciation. Emphasis is placed on good site selection and expert asset and property management.

Clients include Andersen Windows, Citgo Petroleum, Drexel Burnham Lambert and Ryder Truck Rental.

Edward Bennett, senior vice president, is the chief investment officer. Charles A. Clinton, assistant vice president, is the client contact.

Haven Capital Management

605 Third Ave., New York, N.Y. 10158; (212) 986-4086

Total assets managed	$441,000,000
Tax-exempt assets managed:	
Total	$276,000,000
Fully discretionary	$252,000,000
Tax-exempt clients	24
Types of accounts managed	CEF
No. of portfolio managers	5

Haven Capital Management Inc., an equity, fixed-income and balanced manager, bases its common stock orientation on individual issue selection, including large and small businesses that are considered undervalued. An examination of historical financial data emphasizes companies with above-average characteristics. The valuation process points out companies that are priced attractively.

The fixed-income approach is based on interest rate anticipation derived from economc cycle analysis. This determines maturity selection followed by sector and quality judgments. The objective: a consistent competitive return with low volatility.

Research is 40% internally generated; 75 to 100 stocks are followed closely and 200, generally.

Denis M. Turko, managing director, is the client contact.

Hayden Associates Inc.

1 Regency Drive, P.O. Drawer 708, Bloomfield, Conn. 06002; (203) 243-1481

Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$0
Real estate assets managed	$25,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	1
Types of accounts managed	G
No. of portfolio managers	4
Size of research staff	1

Hayden Associates Inc., a real estate manager, acquires exisiting well-leased, income-producing real estate with upside growth potential, diversified geographically as well as by property type.

All assets were in equity real estate Jan. 1.

The net gain in new tax-exempt business for 1984 was $15 million.

The New Hampshire Retirement System is its tax-exempt client.

David C. Tolzmann, president, is chief investment officer and client contact.

Heartland Capital Management

36 S. Pennsylvania, Suite 690, Indianapolis, Ind. 46204; (317) 633-4080

Total assets managed	$127,000,000
Tax-exempt assets managed:	
Total	$107,000,000
Fully discretionary	$107,000,000
Real estate assets managed	$3,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	44
Types of accounts managed	CEFJ
No. of portfolio managers	3

Heartland Capital Management, an equity and balanced manager, began February 1984. It emphasizes asset mix in its overall strategy.

Using market timing, its stock selection keys on the value, earnings potential and technical position of the stock.

Very conservative in the bond market, it focuses on interest rate anticipation and will extend maturities out to 10 years in good markets.

The asset mix Jan. 1 was 58% stocks, 24% bonds, 16% cash and 2% mortgages.

Teamsters Local 142, Schurz Communications, Hanover College and Ball Corp. are among its clients.

Thirty percent of research is generated internally; 40 stocks are followed closely and 1,500, generally. Heartland Capital uses options.

Barry F. Ebert, chief investment officer, is the client contact.

Heitman Advisory Corp.

180 N. LaSalle St., Chicago, Ill. 60601; (312) 855-5700

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$1,700,000,000
Fully discretionary	$1,200,000,000
Real estate assets managed	$1,700,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	15
Types of accounts managed	CG
No. of portfolio managers	60

Real estate manager Heitman Advisory provides professionally managed portfolios of geographically diversified income-producing real estate investments. Its principal objectives are to preserve and protect capital invested and to deliver increasing cash flow and long-term capital appreciation.

All $1.7 billion in tax-exempt assets under management are in real estate equity.

The firm's 1984 net gain in new tax-exempt business was $313 million. Ten tax-exempt clients were added last year.

Among Heitman's 15 tax-exempt clients are AT&T, Pacific Lighting Corp., the Minnesota State Board of Investment and the Illinois State Board of Investment.

The firm is a wholly owned subsidiary of Heitman Financial, a full-service real estate firm.

Norman Perlmutter, chairman of the board, is the chief investment officer.

The client contact is David M. Glickman, executive vice president.

Hellman, Jordan Management Co. Inc.

50 Milk St., Boston, Mass. 02109; (617) 482-1777

Total assets managed	$720,000,000
Tax-exempt assets managed:	
Total	$662,000,000
Fully discretionary	$662,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	29
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	2

Hellman, Jordan Management Co. Inc., an equity manager, is a sector rotator placing strong emphasis on market timing.

The asset mix Jan. 1 was 81% stocks, 11% cash and 8% bonds.

The net gain in new tax-exempt business for 1984 was $43 million.

Clients include Xerox, Batus, Minnesota and New Hampshire.

Research is 30% internally generated; 80 stocks are followed closely and 200, generally. The firm uses options.

Gerald R. Jordan Jr., president, is chief investment officer and client contact.

The firm is controlled by the operative principals who participate in a revenue-sharing agreement with United Asset Management, a Boston-based holding company that owns the firm's equity.

Thomas J. Herzfeld Advisors

7800 Red Road, South Miami, Fla. 33143; (305) 665-6500

Total assets managed	$75,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Real estate assets managed	$40,000,000
International assets managed	$15,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	26
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	2

Thomas J. Herzfeld Advisors Inc. is an equity manager specializing in closed-end funds.

The asset mix Jan. 1 was 75% closed-end funds and 25% cash.

The net gain in new tax-exempt business for 1984 was $16 million. Seven clients were added.

Allied Corp., Owens-Illinois and Fides Societe Fiduciaire are among its tax-exempt clients.

Research is 90% internally generated; 300 stocks are followed closely.

The firm uses options and stock index and fixed-income futures.

Thomas J. Herzfeld, president, is chief investment officer and client contact.

The firm is affiliated with Thomas J. Herzfeld & Co., stockbrokers.

We are pleased to announce the following additions to our professional staff:

ROBERT A. SHANN
Vice President and Director of Marketing

SAMUEL B. JONES, JR., CFA
Vice President and Portfolio Manager

RICHARD R. PEFFENBACH, CFA
Vice President and Portfolio Manager

MassCo Investment Management Corp.

Specialists in private portfolio management for institutions and individuals

99 High Street
Boston, MA 02110

Hibernia National Bank
313 Carondelet St., New Orleans, La. 70112; (504) 587-2805

Total assets managed	$2,530,000,000
Tax-exempt assets managed:	
Total	$2,257,000,000
Fully discretionary	$2,100,000,000
Minimum separate account	$3,000,000
Tax-exempt clients:	
Commingled	201
Separate	179
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	3

Hibernia National Bank offers equity, fixed and balanced capabilities.

Based on its economic scenario, earnings forecast and technical indicators, it invests funds in the most appealing areas of the market or removes funds from the equity markets. Low P/E ratios and market timing techniques are used.

Based on its rate forecast, cash reserves range from 0% to 100%. Securities are selected to optimize performance within a targeted volatility profile.

Of the tax-exempt assets Jan. 1, $139 million was in commingled and $2.1 billion in separate accounts.

The asset mix was 45% stocks and 55% bonds.

Clients include I.L.A., Louisiana Teachers, Louisiana School Employees and Louisiana State Employees.

The bank follows 140 stocks closely.

Robert L. Rust, vice president and trust investment officer, is the chief investment officer. William J. Kearney III, vice president and trust officer, is the client contact.

Hodges Capital Management
755 West End Ave., New York, N.Y. 10025; (212) 866-5334

Total assets managed	$22,000,000
Tax-exempt assets managed:	
Total	$22,000,000
Fully discretionary	$22,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	2
Types of accounts managed	CE
No. of portfolio managers	1

Balanced manager Hodges Capital Management Inc. uses a low P/E equity approach, seeking promising low-multiple stocks with high book values and good yields.

With a passive fixed-income approach, it purchases high-yield, lower quality bonds with maturities not exceeding five years.

The asset mix Jan. 1 was 60% stocks and 40% bonds.

Fletcher Hodges III, chief investment officer, is the client contact.

Hodgson Roberton Laing Ltd.
199 Bay St., Suite 500, Toronto, Ontario M5J 1L4; (416) 869-3320

Total assets managed	$871,000,000
Tax-exempt assets managed:	
Total	$318,000,000
Fully discretionary	$318,000,000
International assets managed	$95,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	23
Types of accounts managed	CEFG
No. of portfolio managers	6

Hodgson Roberton Laing Ltd., a Canadian firm, has equity, fixed-income and balanced capabilities.

The equity approach is based on Graham & Dodd analysis. A modified top-down approach, industry mix and security selection are key elements.

The fixed-income approach is based on interest rate anticipation. The maturity and credit schedules are actively managed.

J. Warren Laing, president, is chief investment officer: Terry C. Buddin, vice president, is client contact.

Hoisington Investment Management Co.
333 Clay St., Suite 4440, Houston, Texas 77002; (713) 650-1004

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$600,000,000
Fully discretionary	$600,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	22
Types of accounts managed	CEFG
No. of portfolio managers	2

Hoisington Investment Management Co., a fixed-income manager, is a market timer.

All assets were in bonds Jan. 1.

Clients include Fluor Corp., Copperweld, TRW and GTE.

Ten percent of research is generated internally.

Van R. Hoisington is president and chief investment officer. J. Paul Lewis is the client contact at (713) 655-1261.

T.J. Holt & Co. Inc.
290 Post Road W., Westport, Conn. 06880; (203) 226-8912

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$25,000
Tax-exempt clients	50
Types of accounts managed	CFJ
No. of portfolio managers	4
Size of research staff	4

T.J.Holt & Co. Inc., a balanced manager, uses market timing in its equity approach and interest rate anticipation for fixed income.

The asset mix Jan. 1 was 45% money market, 25% stocks, 25%

Denver Investment Advisors, Inc.

633 Seventeenth Street; Suite 1800
Post Office Box 17487
Denver, Colorado 80217

Dennis E. Larkin
Vice President
(303) 293-5588

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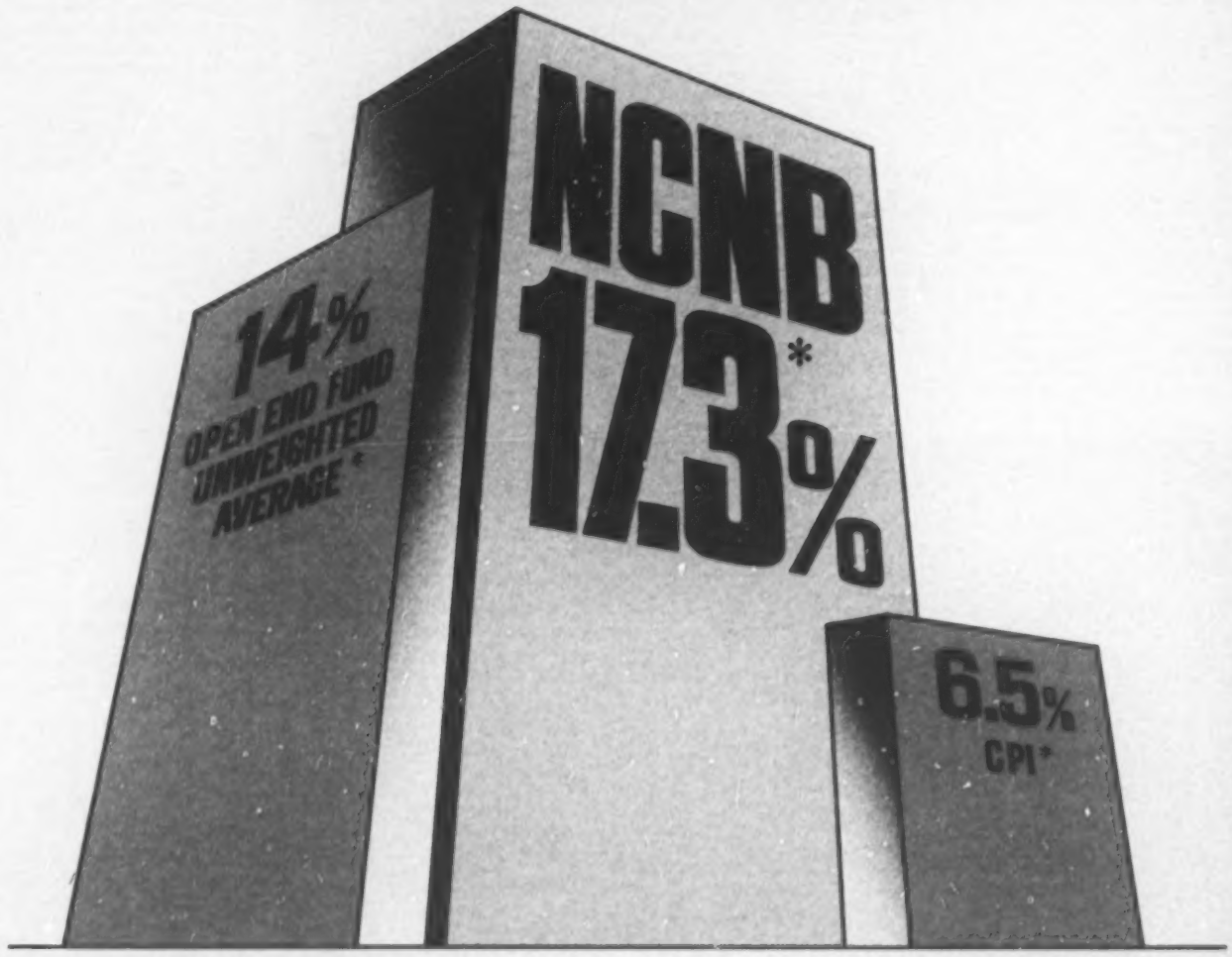

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*Five-year averages as reported by CDA Investment Technologies, Inc. for the period ending 12/31/84.

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bonds and 5% cash.

Thomas J. Holt, president, is chief investment officer and client contact.

Home Life Insurance Co.

253 Broadway, New York, N.Y. 10007; (212) 306-2719

Total assets managed	$2,375,000,000
Tax-exempt assets managed:	
Total	$384,000,000
Fully discretionary	$384,000,000
Minimum separate account	$10,000,000
Tax-exempt clients:	
Pooled	850
GICs	55
Types of accounts managed	CGJ
No. of portfolio managers	7
Size of research staff	16

Home Life Insurance Co. offers equity, fixed-income, balanced and short-term capabilities.

Its equity approach emphasizes growth stock. It makes investments in common stocks with fundamentals the firm believes are attractive. During periods of market weakness, 25% to 50% of the portfolio can be in short-term securities.

Its fixed-income approach combines interest rate anticipation and spaced maturity. The firm invests approximately 70% of fixed-income assets in one- to seven-year securities with the remainder actively managed, thus minimizing the chance of a negative total return in any year.

The firm generates approximately 25% of its research internally; 75 stock are followed closely and 150, generally. The firm uses options.

John A. Fabian, senior vice president, is the chief investment officer. Ted Ludlam, senior vice president, is the client contact.

Hoppe Asset Management

4350 Von Karman #490, Newport Beach, Calif. 92660; (714) 432-8222

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$9,000,000
Fully discretionary	$9,000,000
Minimum separate account	$50,000
Tax-exempt clients	40
Types of accounts managed	CEFG
No. of portfolio managers	2
Size of research staff	2

Hoppe Asset Management Inc. is an equity manager specializing in mutual fund timing.

Using no-load mutual fund families, the firm specializes in actively switching between aggressive growth stock funds in rising markets and defensively positioning clients in money market funds during declining markets.

For fixed income, it uses price trend analysis to move client funds between a cash position and a fully invested, high-yield position using no-load mutual fund families.

All assets were in mutual funds Jan. 1.

Mark A. Hoppe, president, is chief investment officer and client contact.

Horgan Investment Counsel

Suite 1108, 101 Richmond St. W., Toronto, Ontario M5H 1T1; (416) 362-7907

Total assets managed	$35,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Real estate assets managed	$100,000
International assets managed	$100,000
Tax-exempt clients	3
Types of accounts managed	CEU
No. of portfolio managers	1

Horgan Investment Counsel Ltd, a Canadian balanced manager, emphasizes growth stocks and fundamentals, using a top-down, broad equity approach that looks outside of Canada. It has strong U.S. capabilities. The firm anticipates major shifts, concentrating on asset mix and avoiding oversimplification.

For fixed-income investment, it maintains quality by predicting major rate changes; some trading is used.

Patrick S. Horgan, president, is chief investment officer and client contact.

Hotchkis & Wiley

800 Wilshire Blvd., Los Angeles, Calif. 90017; (213) 623-4073

Total assets managed	$991,000,000
Tax-exempt assets managed:	
Total	$991,000,000
Fully discretionary	$991,000,000
Tax-exempt clients	24
Types of accounts managed	CEFG
No. of portfolio managers	2

Hotchkis & Wiley, an equity manager, uses Graham & Dodd analysis. Its management style emphasizes preservation of capital and the power of dividend return compounded. It believes this approach achieves superior long-term performance.

The asset mix Jan. 1 was 84% stocks and 16% cash.

The net gain in new tax-exempt business for 1984 was $337 million; seven tax-exempt clients were added.

Rockwell International, GTE, Oregon and Arizona Public Service are among its clients.

Research is 30% internally generated; 100 stocks are followed closely and 250, generally.

John F. Hotchkis and George Wiley, partners, are the chief investment officers. George J. Rebhan, director of marketing and client services, is the client contact.

Howe & Rusling Inc.

183 E. Main St., Rochester, N.Y. 14604; (716) 325-5286

Total assets managed	$135,000,000
Tax-exempt assets managed:	
Total	$41,000,000
Fully discretionary	$37,000,000
Real estate assets managed	$2,000,000
Minimum separate account	$150,000
Tax-exempt clients	100
Types of accounts managed	CEFJ
No. of portfolio managers	5
Size of research staff	1

Howe & Rusling Inc., a balanced manager, seeks stocks with strong financials whose price-earnings multiple is low relative to the changing market's perception of growth.

Its fixed-income approach combines sector analysis and interest rate anticipation.

The asset mix Jan. 1 was 80% stocks, 10% bonds, 5% mortgage-backed securities and 5% cash.

The net gain in new tax-exempt business for 1984 totaled $11 million — $9 million in equities and $2 million in fixed income. Twenty-four tax-exempt clients were added.

Research is 30% internally generated; 50 stocks are followed closely and 25, generally.

Thomas G. Rusling, president, is chief investment officer; Robert B. Wolf, vice president, is client contact.

HT Investors Inc.

321 S. Main St., Providence, R.I. 02903; (401) 274-7888

Total assets managed	$777,000,000
Tax-exempt assets managed:	
Total	$777,000,000
Fully discretionary	$738,000,000
Real estate investments	$8,000,000
International assets managed	$5,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	152
Types of accounts managed	CEFGJ
No. of portfolio managers	8

HT Investors Inc. uses a best-relative-value approach to equity investing with a six- to 12-month time horizon using screens of macroeconomics, fundamental company analysis and technical trends.

Employing interest rate anticipation, its active bond management style is often geared to managing short-term and intermediate fixed-income securities with a willingness for cash equivalents. Its goals are to obtain a reasonable level of price stability and absolute returns in excess of inflation.

Preferred real estate investments are high-quality, recently constructed commercial and industrial properties, substantially rented in the Northeast and selected Midwest areas with a long-term minimum return potential of 15%.

The asset mix Jan. 1 was 47% bonds, 39% stocks, 13% cash and 1% equity real estate.

Textron, Allendale Mutual Insurance, Brown & Sharpe Manufacturing and The Providence Journal are among its clients.

The firm follows 500 stocks closely and 200, generally. Options are used.

Henry M. Greenleaf Jr., president, is the chief investment officer. Richard S. Fitts, vice president and director of marketing, is the client contact.

The firm is a subsidiary of RIHT Financial Corp., a financial services holding company with assets of $2.3 billion.

Hughes, King & Co. Ltd.

150 York St., Suite 1808, Toronto, Ontario M5H 3S5; (416) 863-0687

Total assets managed	$84,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Minimum separate account	$250,000
Tax-exempt clients	12
Types of accounts managed	CEFU
No. of portfolio managers	3

Hughes, King & Co. Ltd., a Canadian firm, has equity, fixed-income and balanced capabilities.

For equity investments, the firm uses a fully managed, top-down, value-oriented approach, based on research but using all available tools. It prefers quality growth issues, but at times uses cyclical stocks. It takes advantage of major market swings with minimal short-term trading.

For fixed income, interest rate anticipation is used. In periods of inflation, the firm tries to eliminate market swings by avoiding long-term bond issues. It invests primarily in Canadian government issues.

C. Wallis King, president, is the chief investment officer; Geoffrey C. Noble, executive vice president, and Ronald S. Stuart, vice president, are the client contacts.

Huntington National Bank

Huntington Bank Building, P.O. Box 5065, Cleveland, Ohio 44101; (216) 344-6525

Total assets managed	$1,600,000,000
Tax-exempt assets managed:	
Total	$745,000,000
Fully discretionary	$745,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$500,000
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Huntington National Bank offers equity, fixed and balanced capabilities.

In equities, computer-driven analysis and valuation of more than 1,000 stocks results in sector allocation and individual selection.

Its fixed-income approach includes Treasury/corporate spread analysis, yield curve analysis and consideration of account risk levels. Interest rate anticipation and sector analysis are used.

Of the tax-exempt assets Jan. 1, $70.6 million was in commingled and $674.4 million in separate accounts.

Clients include Lancaster Colony, Ohio State University, Cleveland Foundation and American Electric Power.

Research is 20% internally generated; 125 stocks are followed closely and 1,000-plus, generally.

Douglas V. Epp, vice president, is the chief investment officer. Benjamin Bailey, senior vice president, is the client contact.

Hutchinson National Bank & Trust Co.

P.O. Box 1488, Hutchinson, Kansas 67504; (316) 662-0561

Total assets managed	$209,000,000
Tax-exempt assets managed:	
Total	$47,000,000
Fully discretionary	$46,000,000
Minimum separate account	$100,000
Tax-exempt clients:	
Commingled	144
Separate	67
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	1

Hutchinson Bank & Trust Co. offers equity, fixed and balanced capabilities.

Through the use of market timing combined with business-cycle timing it takes the top-down approach to equities. Industry segment rotation is also used.

Its fixed-income style places a high priority on marketability with interest rate anticipation as the primary catalyst to any buys or sells.

Research is 20% internally generated; 131 stocks are followed closely and 210, generally. Options and stock-index and fixed-income futures are used.

Dale E. Page, vice president-investments, is the chief investment officer and client contact.

Hutton Capital Management

17 Battery Place, New York, N.Y. 10004; (212) 742-6277

Total assets managed	$858,000,000
Tax-exempt assets managed:	
Total	$758,000,000
Fully discretionary	$758,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	478
Types of accounts managed	CEFGJ
No. of portfolio managers	7

Hutton Capital Management, an equity and fixed-income manager, uses a Graham & Dodd approach to equity. Stocks are selected from a proprietary valuation process that is confirmed by internal and external research sources.

The asset mix between fixed-income and cash-equivalent securities is based on interest rate anticipation. Individual issue selection is risk averse, with maturities generally less than 10 years.

The asset mix Jan. 1 was 57% stocks, 26% bonds and 17% cash.

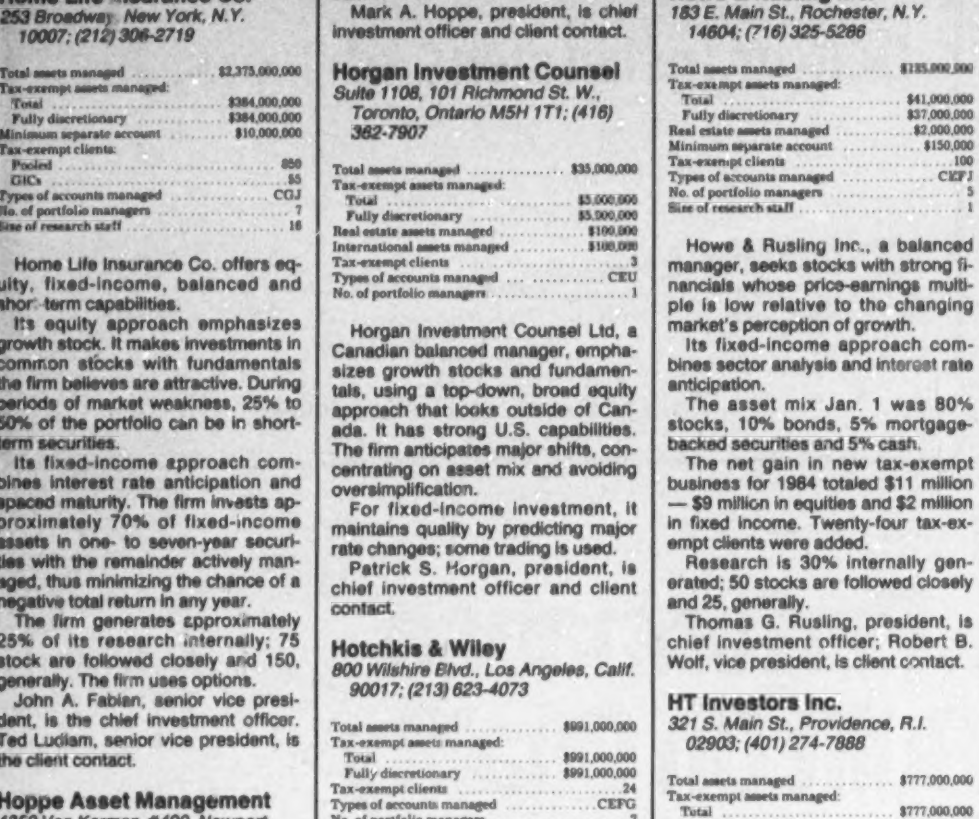
The net gain in new tax-exempt business last year totaled $50 million: $30 million in equities and $20 million in fixed income. Thirty-four tax-exempt clients were added.

Idaho Public Employees, Stetson University, Seafarers International Union and GTE Service Corp. are among its clients.

Ten percent of research is generated internally; 50 stocks are followed closely and 600, generally.

Robert L. Ardizzone is the chief investment officer. Robert M. Bowen is the client contact.

The firm is a division of E.F. Hutton & Co. Inc.



IAA Trust Co.

P.O. Box 2901, Bloomington, Ill. 61702; (309) 557-3241

Total assets managed	$2,030,000,000
Tax-exempt assets managed:	
Total	$480,000,000
Fully discretionary	$480,000,000
Minimum separate account	$100,000
Tax-exempt clients:	
Commingled	6
Separate	109
Types of accounts managed	CEFJ
No. of portfolio managers	9
Size of research staff	2

IAA Trust Co. offers equity, fixed-income and balanced capabilities.

In equities, its primary objective is to maximize total return primarily through capital appreciation with emphasis on growth-oriented companies with characteristics enabling them to grow at a higher rate than the economy.

Its active fixed-income management incorporates spread, sector and credit analysis, interest rate anticipation, immunization and dedication.

Of the tax-exempt assets Jan. 1, $59 million was in commingled and $430 million in separate accounts.

The asset mix was 35% stocks, 60% bonds and 5% cash.

Research is 30% internally generated; 100 stocks are followed

closely and 300, generally.

Gary Mede, executive vice president, is the chief investment officer. Dave Tipsword, trust assistant, is the client contact.

Idaho First National Bank

P.O. Box 7928, Boise, Idaho 83707; (208) 383-7252

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$295,000,000
Fully discretionary	$200,000,000
Real estate assets managed	$72,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	180
Separate	400
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	1

Idaho First National Bank offers equity, fixed and balanced capabilities.

Using a quantitative model for equities, it identifies undervalued industry sectors and company issues. A fundamental model then is applied to individual companies to determine appropriate buy and sell points.

Anticipation of changes in interest rates is key to determining the duration and sector mix of its fixed-income portfolio. Adjustments are made when several predetermined yield spreads and return objectives are realized.

It purchases open-end pooled real estate funds. Each investment reflects the client's criteria.

The asset mix was 39% stocks, 31.9% bonds, 3.6% cash, 2.4% equity real estate, 15% mortgages, 6.8% mortgage-backed securities and 1.1% GICs.

Rudy Thomas, vice president and manager of investments, is the chief investment officer. John Hart, assistant vice president and manager of employee benefit investments, is the client contact.

IDS Advisory Group

3200 IDS Tower, Minneapolis, Minn. 55402; (612) 372-3555

Total assets managed	$2,993,000,000
Tax-exempt assets managed:	
Total	$2,993,000,000
Fully discretionary	$2,993,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	89
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	5

IDS Advisory Group is an equity, fixed-income and balanced manager.

Its top-down sector rotational equity management stems from economic and market outlook, sector analysis, industry and individual stock valuations.

It offers controlled, active fixed-income management with constant exposure to the bond market and specialization in intermediate-term securities.

The tax-exempt asset mix Jan. 1 was 68.3% stocks, 22.2% bonds and 9.5% cash.

Clients include AT&T, Burlington Northern, California Institute of Technology and Virginia.

Half its research originates in-house; 600 stocks are closely followed and 2,000, generally. Its research staff of five is supplemented by the parent company's staff of 25. Options and stock index and fixed-income futures are used.

Peter J. Anderson, president, is the chief investment officer. Cheryl K. Gruetzmacher, vice president, is the client contact.

IDS Financial Services, with assets totaling $19.3 billion, is the parent company.

IDS/Gartmore International

3200 IDS Tower, Minneapolis, Minn. 55402; (612) 372-3555

Total assets managed	$97,000,000
Tax-exempt assets managed:	
Total	$94,000,000
Fully discretionary	$94,000,000
International assets managed	$80,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	CG
No. of portfolio managers	2

IDS/Gartmore International Inc. provides active, international equity investment management employing a top-down and bottom-up approach.

Top-down refers to the development of a macroeconomic geopolitical overview used to decide asset allocation, currency selection, economic category distribution and country allocation. Bottom-up refers to the stock selection process.

The asset mix Jan. 1 was 98.7% stocks and 1.3% cash.

The net gain in new tax-exempt business for 1984 was $39 million.

Clients include Allegheny International, Finch Pruyn, Lear Siegler and Honeywell.

Peter L. Lamaison is president and chief investment officer. Cheryl K. Gruetzmacher, vice president, IDS Advisory Group, is the client contact.

The firm belongs to IDS Advisory Group.

IDS Growth Spectrum Advisors

3200 IDS Tower, Minneapolis, Minn. 55402; (612) 372-3555

Total assets managed	$28,000,000
Tax-exempt assets managed:	
Total	$28,000,000
Fully discretionary	$28,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	6
Types of accounts managed	C
No. of portfolio managers	2

IDS Growth Spectrum Advisors, an equity manager, takes a top-down (growth trend analysis) and bottom-up (fundamental and valuation analysis) approach to investment in publicly traded core growth and emerging growth securities. Graham & Dodd analysis is used.

The asset mix Jan. 1 was 96.1% stocks and 3.9% cash.

Research is 95% internally generated; 500 stocks are closely followed and 2,000, generally.

Edward G. Hartmann, president, is the chief investment officer. Cheryl K. Gruetzmacher, vice president, IDS Advisory Group, is the client contact.

The firm belongs to the IDS Advisory Group, whose parent is IDS Financial Services, with $19.3 billion under management.

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Profiles

The Illinois Co. Inc.

30 N. LaSalle St., Chicago, Ill. 60602; (312) 444-2122

Total assets managed	$[illegible]
Tax-exempt assets managed:	
Total	$[illegible]
Fully discretionary	$[illegible]
Minimum separate account	$[illegible]
Tax-exempt clients	7
Types of accounts managed	CFJ
No. of portfolio managers	2
Size of research staff	3

The investment management division of The Illinois Co. Inc., principally a fixed-income manager, uses a Graham & Dodd approach to equities and interest rate anticipation for fixed income.

The tax-exempt asset mix Jan. 1 was 80% bonds, 15% cash and 5% stocks.

Research is 20% internally generated; 30 stocks are followed closely and 100, generally. Options are used.

Paul H. Fricke, vice president, is chief investment officer and client contact.

The firm is a subsidiary of Land of Lincoln Savings & Loan. The parent and all subsidiaries have $24 million in assets.

Impco Investment Management Ltd.

330 Bay St., Suite 211, Toronto, Ontario M5H 2S8; (416) 869-1948

Total assets managed	$[illegible]
Tax-exempt assets managed:	
Total	$[illegible]
Fully discretionary	$[illegible]
U.S. assets managed	$[illegible]
Minimum separate account	$[illegible]
Tax-exempt clients	18
Types of accounts managed	CU
No. of portfolio managers	3

Impco Investment Management Ltd., a Canadian balanced manager defines its equity style by a top-down fundamental approach based on Graham and Dodd analysis. Market timing and sector rotation contribute incrementally to total return objectives.

In fixed income, the firm strives to determine trends in interest rates and search for the best value on the yield curve. It emphasizes investment in high-quality, liquid bonds and short-term paper.

The asset mix Jan. 1 was 30% Canadian stocks, 37% bonds, 17% cash, 16% mortgages and 6% U.S. stocks.

The firm has four clients that are pension funds of subsidiaries of U.S. firms.

Peter M. Walter, president, is chief investment officer and client contact.

Impco is a subsidiary of Imperial Life Assurance Co. of Canada. Assets of the parent and subsidiary total more than $2 billion.

Independence Investment Associates Inc.

1 Liberty Square, Boston, Mass. 02109; (617) 292-8700

Total assets managed	$1,584,000,000
Tax-exempt assets managed:	
Total	$1,272,000,000
Fully discretionary	$1,272,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	20
Types of accounts managed	CFGJ
No. of portfolio managers	8
Size of research staff	10

Independence Investment Associates provides equity, fixed-income and balanced management. Its equity approach is based on active quantitative management, which combines fundamental research with investment technology in its aggressive issue selection. Portfolios are tailored to fit the client's situation, and if appropriate, to complement other managers.

In fixed income, it uses interest rate anticipation, careful management of portfolio risk and a systematic approach to investment decision making.

The asset mix Jan. 1 was 72% stocks, 14% bonds and 14% cash.

Research is 80% internally generated; 334 stocks are followed closely and 2,900, generally.

Clients include Massachusetts, Colgate-Palmolive, Public Service Co. Indiana and Denver Employees.

Lewis F. Klenrock, president, is the chief investment officer. James F. Barrett, senior vice president, is the client contact.

The firm is a subsidiary of John Hancock Cos.

Indiana Investment Advisors

1 Indiana Square, Dept. 621, Indianapolis, Ind. 46266; (317) 266-6198

Total assets managed	$2,272,000,000
Tax-exempt assets managed:	
Total	$1,951,000,000
Fully discretionary	$1,951,000,000
Real estate assets managed	$40,000,000
Tax-exempt clients	731
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	2

Indiana Investment Advisors offers equity, fixed and balanced capabilities.

Its growth-oriented equity investing emphasizes earnings growth and consistency in growth. Additional screening factors include valuation, financial strength and market capitalization.

Its fixed-income approach employs credit analysis to select stable and improving securities with good relative yield, and interest rate projections to identify risk reward characteristics.

All assets were in separate accounts Jan. 1; the asset mix was 45% stocks, 45% bonds and 10% cash.

Indiana Teachers, Ameritech Mutual Hospital, United Brotherhood of Carpenters and American Legion are among its clients.

Research is 25% internally generated; 300 stocks are followed closely and 1,900, generally.

P. Roger Kumler is the chief investment officer. Sally J. Phillips, senior business development officer, is the client contact.

Wm. A. Inskeep & Co.

12934 Kenwood Lane, SW, Suite 21, Fort Myers, Fla. 33907; (813) 939-5161

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$6,000,000
Fully discretionary	$6,000,000
Minimum separate account	$300,000
Tax-exempt clients	9
Types of accounts managed	C
No. of portfolio managers	1

Wm. A. Inskeep & Co. handles equity, fixed-income and balanced accounts.

For equity investments, the firm follows growth stock and Graham & Dodd approaches. Its fundamentalist approach emphasizes recognition of issues with strong long-term growth potential.

The firm employs a risk-averse fixed-income strategy, using only high-quality, short-to-intermediate-term issues (one to eight years).

Fixed-income futures are used.

One-quarter of its research is generated in-house. Forty stocks are followed closely and 200 generally.

William A. Inskeep, president, is the chief investment officer and client contact.

Institutional Capital Corp.

230 W. Monroe, Suite 2930, Chicago, Ill. 60606; (312) 641-7200

Total assets managed	$1,172,000,000
Tax-exempt assets managed:	
Total	$1,172,000,000
Fully discretionary	$1,172,000,000
Minimum separate account	$10,000,000
Tax exempt clients	14
Types of accounts managed	CEF
No. of portfolio managers	5
Size of research staff	5

Institutional Capital Corp., an equity and balanced manager, takes a sector rotation approach to equity and uses interest rate anticipation for fixed income.

The asset mix Jan. 1 was 61.7% stocks, 21.3% bonds and 17% cash.

The firm netted $20 million in tax-exempt business for 1984, $12 million in equities and $8 million in fixed-income; one client was added.

Clients include Jewel Companies, Quaker Oats, Northwest Industries and Litton Industries.

Research is 75% internally generated; 150 stocks are followed closely and 450, generally. Options are used.

William A. Maloney, president, is the chief investment officer. Russell C. Walter, executive vice president, is the client contact.

InterFirst Bank Fort Worth

P.O. Box 1317, Fort Worth, Texas 76101; (817) 390-6161

Total assets managed	$1,611,000,000
Tax-exempt assets managed:	
Total	$267,000,000
Real estate assets managed	$24,000,000
Minimum separate account	$500,000
Tax-exempt clients	98
Types of accounts managed	CEF
No. of portfolio managers	5

InterFirst Bank Fort Worth offers equity, fixed, balanced and real estate capabilities.

Of the tax-exempt assets Jan. 1, $78 million was in commingled and $189 million in separate accounts.

The asset mix was 37.7% stocks, 31.3% bonds, 18.9% cash, 5.8% equity real estate, 3.2% mortgages and 3.1% miscellaneous.

James Redfearn, vice president and trust officer, is the chief investment officer. Sam Van Steenbergh, vice president and trust officer, is the client contact.

The bank is affiliated with InterFirst Investment Management Inc.

InterFirst Investment Management Inc.

P.O. Box 83781, Dallas, Texas 75283; (214) 977-4358

Total assets managed	$5,775,000,000
Tax-exempt assets managed:	
Total	$2,822,000,000
Fully discretionary	$2,822,000,000
Real estate assets managed	$335,000,000
Minimum separate account	$5,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	21
Size of research staff	4

InterFirst Investment Management Inc. offers equity, fixed, balanced and real estate capabilities.

Its equity style features growth stock selection with valuation disciplines and a Southwestern bias.

Its active fixed-income management of intermediate bonds provides stability and real rates of return.

It purchases income-producing properties in the Southwest.

Of the tax-exempt assets Jan. 1, $414 million was in commingled and $2.4 billion in separate accounts.

The asset mix was 50% stocks, 30% bonds, 10% cash and 10% equity real estate.

Clients include Conoco, Rockwell, Southwestern Bell and Exxon.

Half its research originates in-house; 80 to 100 stocks are followed closely and 200, generally.

Daniel J. Forrestal III, president, is the chief investment officer. Nathan O. Finke, senior vice president-marketing, is the client contact.

InterFirst Investment Management has offices in InterFirst banks in Dallas, Houston, Austin and Fort Worth, Texas.

Interstate Asset Management Inc.

2600 NCNB Plaza, Charlotte, N.C. 28280; (704) 379-9097

Total assets managed	$32,000,000
Tax-exempt assets managed:	
Total	$13,000,000
Fully discretionary	$13,000,000
Minimum separate account	$500,000
Tax-exempt clients	36
Types of accounts managed	CEFJ
No. of portfolio managers	2

Interstate Asset Management Inc., a balanced manager, uses a growth stock, Graham & Dodd analysis and market timing equity approach. Fundamental analysis with emphasis on quality, technical analysis to establish price targets and market direction are used.

Its fixed-income approach uses interest rate anticipation.

The tax-exempt asset mix Jan. 1 was 47% stocks, 32% bonds and 21% cash.

Christopher S. Moore, president, and Donald J. Toney, vice president, are chief investment officers; John R. Crook, vice president, is client contact.

Interstate Securities Co., a brokerage firm, is the parent company.

Inverness Counsel Inc.

545 Madison Ave., 9th Floor, New York, N.Y. 10022; (212) 980-5230

Total assets managed	$410,000,000
Tax-exempt assets managed:	
Total	$144,000,000
Fully discretionary	$144,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	21
Types of accounts managed	CFG
No. of portfolio managers	7
Size of research staff	1

Inverness Counsel Inc., a balanced manager, mixes Graham & Dodd and quantitative analysis in its equity approach. Stocks are selected to give superior overall return and avoid corporate surprises. The firm uses value and price momentum screens to evaluate equities and industry weightings against the conventional wisdom.

Its fixed-income goal is to invest near inflection points of the yield curve to optimize total return. Strategies incorporate risk/gain analyses of possible interest rate changes.

The asset mix Jan. 1 was 60% bonds, 21% stocks and 19% cash.

George H. Garfield, president, is chief investment officer and client contact.

INVESCO Capital Management Inc.

1175 Peachtree St., N.E., 100 Colony Square, Suite 1400, Atlanta, Ga. 30361; (404) 892-0875

Total assets managed	$5,072,000,000
Tax-exempt assets managed:	
Total	$3,849,000,000
Fully discretionary	$3,849,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	68
Types of accounts managed	CEFGJ
No. of portfolio managers	9

INVESCO Capital Management Inc., an equity and balanced manager, uses an equity approach with sector rotation and Graham & Dodd. It uses a fundamental, bottom-up analysis. Primary emphasis is on issue selection.

Using sector analysis and credit research, its approach to fixed-income investing is active management based on strategy and research, rather than interest rate forecasting.

The asset mix Jan. 1 was 70% stocks, 22% bonds and 8% cash.

General Motors, Boeing, Ford and NCR are among its clients.

Research is 70% internally generated; 100 stocks are followed closely and 800, generally. Options and stock index futures are used.

Wendell M. Starke, president, is the chief investment officer. Willis M. Everett, principal, is the client contact.

Investment Advisers Inc.

Box 1160, Minneapolis, Minn. 55440; (612) 371-2939

Total assets managed	$2,300,000,000
Tax-exempt assets managed:	
Total	$2,000,000,000
Fully discretionary	$2,000,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	104
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	2

Investment Advisers Inc. manages equity, fixed-income, balanced and venture capital accounts.

A top-down credit cycle approach is used in equities. As much as 80% of the equity portfolio can be invested in six to 10 industry groups. Industries are rotated during a market cycle.

The fixed-income strategy revolves around credit cycle analysis. Maturity selection follows a cyclical approach, and can be as high as 18 to 20 years during the positive phase of a credit cycle and as low as two to four years during negative phases. Duration will move from as high as seven years to as low as three years.

The asset mix Jan. 1 was 95%

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San Francisco (415) 954-9584

*MH Investment Counsel, Inc.

stocks and 35% bonds.

The net gain in new tax-exempt business totaled $185 million for 1984: $130 in equities and $55 million in fixed; nine clients were added.

Maryland, UPS, Pitney Bowes and Northwest Airlines are among its clients.

Research is 35% internally generated; 150 stocks are followed closely and 1,500, generally.

Noel Rahn, chief executive officer, is chief investment officer. I.P. Kneiman, senior vice president, is client contact.

The firm is a member of the Inter-Regional Financial Group.

Investment Advisors Inc.

1100 Louisiana, Suite 2600, Houston, Texas 77002; (713) 659-2611

Total assets managed	$336,000,000
Tax-exempt assets managed:	
Total	$291,000,000
Fully discretionary	$175,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	35
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	6

Investment Advisors uses top-down and bottom-up analysis. Investment discipline by the firm allows it to sell overvalued stocks and purchase undervalued stocks.

The fixed-income approach is based on yield curve and macroeconomic analyses, and interest rate anticipation. Yield differentials and spreads determine sector investment.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

Clients include Baton Rouge, Shreveport, Texas Industries and Methodist Hospital.

Half of its research is internally generated; 50 stocks are followed closely and 1,000, generally.

Marvin H. McMurray, president, is the chief investment officer. Thomas A. Wimberly, executive vice president, is the client contact.

Investment & Capital Management Corp.

2 Continental Towers, 1701 Golf Road, Suite 504, Rolling Meadows, Ill. 60008; (312) 439-8500

Total assets managed	$845,000,000
Tax-exempt assets managed:	
Total	$784,000,000
Fully discretionary	$784,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	62
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Investment & Capital Management Inc. manages equity, fixed-income and balanced accounts.

Its equity approach combines emerging growth, sector rotation and market timing strategies and asset allocation decisions.

For fixed income, proprietary interest rate forecasting models are used to help guide the duration analysis decision. Abritrage is used.

The asset mix Jan. 1 was 67% stocks, 18% bonds and 15% cash.

The net gain in 1984 new tax-exempt business was $24 million: $14 million in equities and $10 million in fixed; six tax-exempt clients were added.

Clients include Conrail, Kansas Public Employees, Operating Engineers and National Can.

Research is 60% internally generated; 35 stocks are followed closely and 125, generally. Options and fixed-income futures are used.

Donald J. Killian, president, is chief investment officer; Jack A. Pirrie, vice president, is client contact.

The firm is a wholly owned subsidiary of Chemical New York Corp., whose assets total $13 billion.

The Investment Counsel Co., ICC Realty Advisers Inc.

58 E. Pine St., Suite 200, Orlando, Fla. 32801; (305) 841-6241

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$336,000,000
Fully discretionary	$296,000,000
Real estate assets managed	$38,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	89
Types of accounts managed	CEGJ

Investment Counsel Co. manages equity, fixed-income, balanced and real estate accounts.

For equities, the emphasis is on value, with 50 to 70 issues in a portfolio that is resistant to decline and in the top decile of performance.

In fixed income, it uses interest rate anticipation and seeks high-quality bonds with an emphasis on duration shift.

Its real estate philosophy is to acquire a debt and equity combination with the strongest safeguards.

The asset mix Jan. 1 was 50% bonds, 34% cash, 6% stocks, 5% equity real estate and 5% mortgages.

John P. Meehan, president, is the chief investment officer. W. Bishop Jordan, senior vice president, is the client contact.

Investment Counselors of Maryland Inc.

803 Cathedral St., Baltimore, Md. 21201; (301) 539-3838

Total assets managed	$880,000,000
Tax-exempt assets managed:	
Total	$695,000,000
Fully discretionary	$695,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	86
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	5

Investment Counselors of Maryland Inc. handles equity, fixed-income and balanced accounts.

Four principles form the basis of its equity approach: The equity market is inefficient; stocks with low P/E ratios provide superior returns; price is the primary determinant in superior stock selection; and an actively applied sell discipline will increase performance.

Four principles also guide its fixed-income approach: Inefficent sectors exist within the bond market; some of these have a low correlation of return; interest rate trends can be predicted; and a portfolio should be limited to a 50% exposure to the risk of those predictions.

Clients include AT&T, Cincinnati and Maryland.

Research is 60% in-house; 50 stocks are followed closely. Options are used.

Craig Lewis, president, is chief investment officer. Robert B. Russell II, executive vice president, is client contact.

Equitable Bancorporation owns 25% of the firm.

Investment Management Group

214 S. Rock Road, Suite 105, Wichita, Kan. 67207; (316) 687-2143

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$305,000,000
Fully discretionary	$305,000,000
Real estate assets managed	$61,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	6
Types of accounts managed	CGJ
No. of portfolio managers	4

Investment Management Group's primary goal as a fixed-income manager is to anticipate secular changes in interest rate levels; avoidance of down markets is a strong consideration.

The asset mix Jan. 1 was 70% bonds, 10% cash and 20% mortgage-backed securities.

The firm netted $52 million in new tax-exempt business for 1984; four tax-exempt clients were added.

Clients include Kansas Public Employees, Wisconsin Public Service and Montana-Dakota Utilities.

The firm uses fixed-income futures and options on financial futures.

Don S. Peters, general partner, is the chief investment officer. Marc A. Vincent is the client contact.

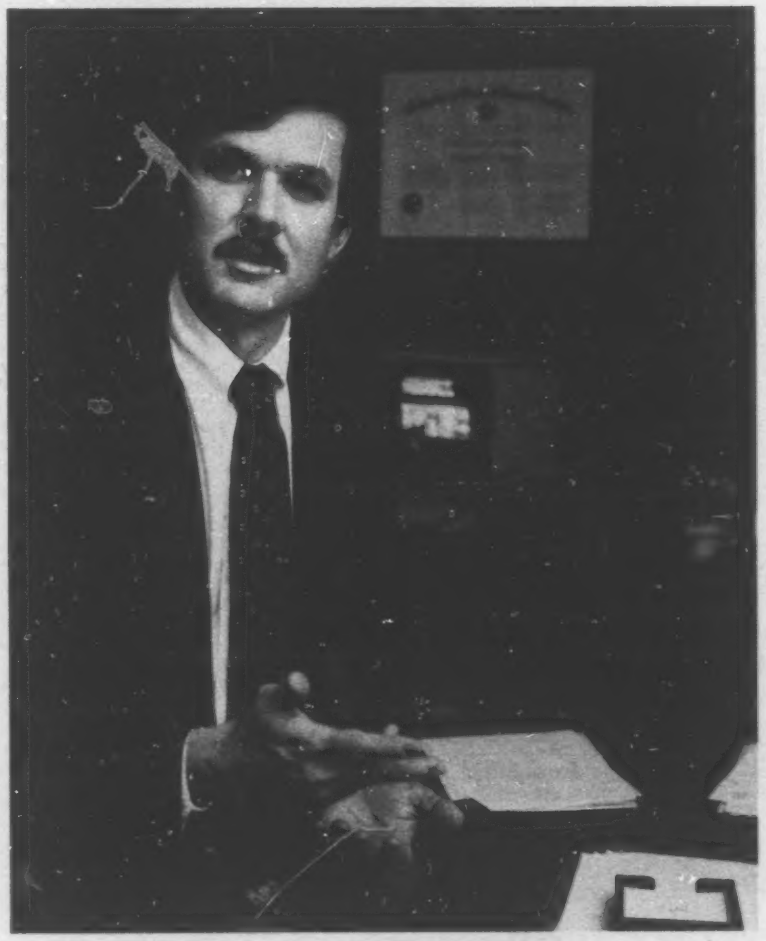
Investors Group Trust Co.

280 Broadway, Winnipeg, Manitoba R3C 3B6; (204) 949-8488

Total assets managed	$352,000,000
Tax-exempt assets managed:	
Total	$352,000,000
Fully discretionary	$352,000,000
Real estate assets managed	$126,000,000
International assets managed	$17,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	831
Types of accounts managed	CEFGU
No. of portfolio managers	9
Size of research staff	4

"If there weren't S&P™ futures at the CME, we'd have to invent them."

—David Dunford
Senior Vice President and
Director of the Portfolio Group
Travelers Investment Management Co.
Hartford, Connecticut



David Dunford, who is responsible for portfolio management of $3 billion in pension funds, mutual funds and insurance-related portfolios at The Travelers, knows the necessity of managing risk in today's unpredictable equity marketplace.

"As a portfolio manager, it's my role to provide clients with maximum returns while operating within the boundaries of acceptable risk.

"S&P futures at the CME help me achieve that objective. I can reduce exposure to unintended market risk and manage stock market uncertainty, while helping to maximize returns for our clients.

"We especially favor the S&P 500 contract because of its tremendous liquidity and because it's based on an index that is very representative of the stock market as a whole.

"For portfolio managers, S&P futures are a valuable risk management tool. If there weren't S&P futures at the CME, we'd have to invent them."

To find out more about how David Dunford and others are using Standard & Poor's futures and options contracts at the Chicago Mercantile Exchange, ask your brokers for copies of "Inside S&P Futures" and "Inside Options on S&P 500 Futures." They can also show you videotapes featuring Louis Rukeyser that explain these important equity management tools. ■

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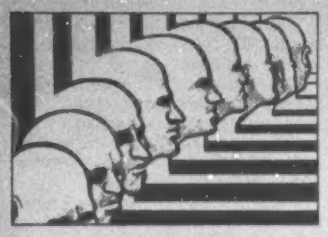

Investors Group Trust Co. Ltd., a Canadian manager, handles equity, fixed-income and balanced accounts

For equities, it uses a conservative stock selection process emphasizing industry sector rotation and liquidity factors to maximize capital appreciation potential without assuming undue risk.

For fixed income, it blends an actively traded, high-quality bond portfolio with mortgages, altering the ratio depending upon interest rate spreads and the state of the economic cycle.

P.E. Newman, senior vice president-investments at the parent company, The Investors Group, is the chief investment officer; C.F. Schmidt, vice president, Investors Group Trust, is the client contact. Assets of the parent and subsidiaries total about $4.6 billion.

Investors Management Services Inc.

700 E. Maple Road, Birmingham, Mich. 48011; (313) 642-1020

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$75,000,000
Fully discretionary	$60,000,000
Minimum separate account	$90,000
Tax-exempt clients	43
Types of accounts managed	CEF
No. of portfolio managers	2

Investors Management Services Inc., a balanced manager, combines sector rotation and market timing in its equity approach. It prefers to deal with higher quality issues and attempts to capitalize on periods of overvaluation and undervaluation in the market.

In fixed income, it attempts to maximize the return of a bond portfolio by shortening or lengthening the average maturity depending on its view of the outlook for interest rates.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

Research is 25% internally generated; 40 stocks are followed closely and 100, generally.

Richard H. Wiggins, president, is chief investment officer; Gerald R. DeHondt, vice president, is client contact.

Investors Research Co.

1900 State St., Suite H, Santa Barbara, Calif. 93101; (805) 569-1078

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$88,000,000
Fully discretionary	$88,000,000
Minimum separate account	$200,000
Tax-exempt clients	39
Types of accounts managed	CF
No. of portfolio managers	4
Size of research staff	3

Investors Research Co., an equity manager, makes aggressive investments in stocks during rising markets, defending during downturns by switching to cash equivalents. Market action and stock price trends are main determinants of buying or selling points.

The asset mix Jan. 1 was 60% stocks and 40% cash.

J.R. Noble, J.H. Caloudes and E.T. Wells, general partners, are chief investment officers. Michael Tinney, office manager, is client contact.

Investors Research Corp.

10 Gould Center, Suite 408, Rolling Meadows, Ill. 60008; (312) 640-1511

Total assets managed	$2,490,000,000
Tax-exempt assets managed:	
Total	$418,000,000
Fully discretionary	$418,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	19
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	4

Investors Research Corp., an equity manager, is fully invested in a broadly diversified portfolio of securities displaying accelerating fundamentals and confirmed by technical strength. It relies heavily on computer analysis.

All assets were in stocks Jan. 1.

The firm had a net loss of $15 million in tax-exempt business for 1984; six clients were added.

Clients include Father Flanagan's Boys' Home, Xerox, Standard Oil (Ohio) and Missouri Employees.

Research is 85% internally generated; 350 stocks are followed closely and 6,500, generally.

James E. Stowers Jr., president, is chief investment officer. Stephen M. Barney and John F. Rogers, vice presidents-investments, are client contacts.

Irving Trust Co.

1 Wall St., New York, N.Y. 10015; (212) 487-2121

Total assets managed	$6,000,000,000
Tax-exempt assets managed:	
Total	$3,000,000,000
Fully discretionary	$2,400,000,000
Minimum separate account	$3,500,000
Tax-exempt clients	170
Types of accounts managed	CEFGJ
No. of portfolio managers	18
Size of research staff	13

Irving Trust Co. offers equity, fixed and balanced capabilities; it is also an index fund and dedicated fund manager.

Its bottom-up equity approach stresses accelerating earnings growth and/or low P/E ratio, i.e. fundamental value.

Its fixed-income approach focuses on maturity structuring based upon interest rate and inflation forecasting. Sector analysis is used.

Of the tax-exempt assets Jan. 1, $1.4 billion was in commingled and $1.6 billion in separate accounts.

The asset mix was 50% stocks, 45% bonds and 5% cash.

Westvaco; Peat, Marwick, Mitchell; Bristol Myers; and Chrysler are among its clients.

Research is 90% internally generated; 100 stocks are followed closely and 120, generally. Options are used.

Gary N. Yalen, senior vice president, is the chief investment officer.

Alec J. McAuley, vice president, is the client contact.

Ivory & Sime International

39 Main St., Chatham, N.J. 07928; (201) 635-5700

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
International assets managed	$100,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	4
Types of accounts managed	CG
No. of portfolio managers	32

Ivory & Sime International Inc., an international manager, uses a growth stock approach to equities.

It uses a long-term, fundamental, research-based strategy with primary emphasis on stock selection and identifying superior companies in a global context.

It invests in fixed income as an equity alternative on an opportunisitic basis.

The tax-exempt asset mix Jan. 1 was 85% stocks, 14% cash and 1% bonds.

The net gain in new tax-exempt business was $5 million for 1984.

The firm follows 800 stocks closely and 1,000, generally.

Alex Hammond-Chambers, deputy chairman, is the chief investment officer. Keith H. Wood, president, is the client contact.

James Investment Research

P.O. Box 8, Alpha, Ohio 45301; (513) 426-7640

Total assets managed	$116,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Fully discretionary	$85,000,000
International assets managed	$5,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	40
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	8

James Investment Research Inc., a balanced manager, uses a variety of internally developed quantitative tools to identify high value and good appreciation potential in equities.

With an interest rate anticipation approach to fixed income, the firm uses quantitative tools it has developed to identify major moves in interest rates.

The asset mix Jan. 1 was 70% stocks and 30% bonds. It had $5 million invested in international equities for U.S. tax-exempt clients.

All research originates in-house; 70 stocks are followed daily and 250, weekly.

Francis E. James, president, is the chief investment officer. Linda S. Parenti, assistant to the president, is the client contact.

Jamison, Eaton & Wood Inc.

39 Main St., Chatham, N.J. 07928; (201) 635-5700

Total assets managed	$3,300,000,000
Tax-exempt assets managed:	
Total	$44,000,000
Fully discretionary	$44,000,000
International assets managed	$2,000,000
Minimum separate account	$500,000
Tax-exempt clients	27
Types of accounts managed	CEFG
No. of portfolio managers	4

Jamison, Eaton & Wood Inc., a balanced manager, has a sector rotation approach to equity, emphasizing asset allocation through a top-down projection of interest rates and corporate profits.

This is combined with a value-oriented stock selection methodology that emphasizes growth in earnings and dividends.

The fixed-income decisions are balanced between interest rate anticipation and sector analysis incorporating credit and arbitrage activity.

The asset mix Jan. 1 was 53% stocks, 24% cash and 23% bonds. The firm had $2 million invested in ADRs for U.S. tax-exempt clients.

Half of its research originates in house; 100 stocks are followed closely and 250, generally.

Keith H. Wood, chairman, is chief investment officer and client contact.

The firm is half-owner of Ivory & Sime International; total assets under management are $3.4 billion.

Janus Capital Corp.

100 Fillmore St., Suite 300, Denver, Colo. 80206; (303) 333-3863

Total assets managed	$137,000,000
Tax-exempt assets managed:	
Total	$105,000,000
Fully discretionary	$105,000,000
Minimum separate account	$500,000
Tax-exempt clients	120
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	3

Janus Capital Corp., an equity manager, is a value buyer.

Tax-exempt assets were evenly split between stocks and cash Jan. 1.

The net gain in new tax-exempt business for 1984 was $20 million; 18 clients were added.

Boeing, Best Products, Kansas City Royals and Marion Laboratories are among its tax-exempt clients.

Half of its research originates in-house; 120 stocks are followed closely and 200, generally.

Thomas H. Bailey, president, is the chief investment officer. B.E. Niedermeyer, senior vice president, is the client contact.

Jarislowsky, Fraser & Co.

65 Queen St. W., Suite 1501, Toronto, Ontario M5H 2M5; (416) 363-7417

Total assets managed	$3,000,000,000
Tax-exempt assets managed:	
Total	$2,800,000,000
Fully discretionary	$2,800,000,000
U.S. assets managed	$800,000,000
Real estate assets managed	$20,000,000
International assets managed	$875,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	85
Types of accounts managed	CEFGU
No. of portfolio managers	7

Jarislowsky, Fraser & Co. Ltd., a Canadian firm, handles equity, fixed-income and balanced accounts.

In its equity approach, which uses Graham & Dodd analysis and market timing, the firm purchases undervalued stocks with strong proven management. It does its own research on Canadian equities and operates from an investment model in a disciplined manner.

The fixed-income approach is based on interest rate anticipation. It seeks safety of principal and optimization of yield within a framework of an average term to maturity.

The firm has 10 clients that are pension funds of subsidiaries of U.S. firms.

Clients include McGill University, Sears Canada, Abitibi Price, Walker Resources and University of Toronto.

Stephen A. Jarislowsky, president, is chief investment officer; Lorne T. Wickerson, partner, is client contact.

JCB Asset Management

170 Fourth Ave. N., Nashville, Tenn. 37219; (615) 748-9328

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$84,000,000
Fully discretionary	$84,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	75
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	10

JCB Asset Management is mainly a fixed-income manager. In stocks, it looks for low P/Es and uses Graham & Dodd analysis. Its investment approach emphasizes asset deployment with industry groups and individual issues selected on the basis of relative performance and value.

Interest rate anticipation is the key to its fixed-income approach. JCB uses economic and technical analysis, with short- to intermediate-maturity schedules.

The tax-exempt asset mix Jan. 1 was 65% stocks, 20% bonds and 15% cash.

Norris Nielsen is president and chief investment officer. Tom Pollock, vice president, is the client contact.

JCB Asset Management is a subsidiary of J.C. Bradford & Co.

Jennison Associates Capital

466 Lexington Ave., New York, N.Y. 10017; (212) 421-1000

Total assets managed	$11,800,000,000
Tax-exempt assets managed:	
Total	$11,800,000,000
Fully discretionary	$11,800,000,000
Tax-exempt clients	86
Types of accounts managed	CEF
No. of portfolio managers	8
Size of research staff	6

Jennison Associates Capital Corp., an equity and fixed-income manager, follows growth stocks.

In fixed income, it actively manages long-term, high-quality bonds and handles controlled accounts.

Clients include Abbott Labs, AMAX, Batus and General Foods.

Spiros Segalas, director and senior vice president, is the chief investment officer. John H. Hobbs, president, is the client contact.

Jenswold, King & Associates

5151 San Felipe, Suite 1450, Houston, Texas 77056-3698; (713) 961-0462

Total assets managed	$93,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
International assets managed	$2,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	20
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	1

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Jenswold, King & Associates, an equity manager, combines emerging growth, Graham & Dodd analysis and low P/E techniques in its equity approach. They are eclectic contrarians. Jenswold, King uses a "businessman's approach" that differentiates between stock price and value in terms of earnings power and assets, if companies were purchased as a whole or reach economic value in the marketplace.

Using interest rate anticipation in its fixed-income approach, it might use deep discount convertibles in addition to normal instruments.

The tax-exempt asset mix Jan. 1 was 85% stocks, 10% bonds and 5% cash; $2 million was in international equities.

Roger H. Jenswold and Roger E. King, co-managing partners, are the chief investment officers. Mr. King is client contact.

JMB Institutional Realty

875 N. Michigan Ave., Suite 3960, Chicago, Ill. 60611; (312) 440-5000

Total assets managed	$11,500,000,000
Tax-exempt assets managed:	
Total	$1,300,000,000
Fully discretionary	$1,300,000,000
Real estate assets managed	$1,300,000,000
Minimum separate account	$100,000,000
Tax-exempt clients	128
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	35

JMB Institutional Realty Corp. makes equity investments in existing or developmental office and retail properties through 100% ownership, joint ventures or participating mortgages, unleveraged or moderately leveraged and intensively owner-managed to optimize returns.

All tax-exempt assets were in equity real estate Jan. 1.

The firm had a net gain of $352 million in new tax-exempt business for 1984; 29 tax-exempt clients were added.

Consolidated Edison, Phillips, Stanford University and Pennsylvania are among its clients.

Neil G. Bluhm, president of JMB Realty Corp., is the chief investment officer. John S. Lillard, president of JMB Institutional Realty, is the client contact.

Johnson Investment Counsel

5556 Cheviot Road, Cincinnati, Ohio 45247; (513) 385-4001

Total assets managed	$181,000,000
Tax-exempt assets managed:	
Total	$101,000,000
Fully discretionary	$101,000,000
Minimum separate account	$250,000
Tax-exempt clients	75
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	1

Johnson Investment Counsel Inc., a balanced manager, mingles growth stock and Graham & Dodd analysis in a top-down equity approach with sector analysis.

For fixed income, it employs a sector analysis approach, basing its selection on quality, duration and special situations, with an emphasis on convertible bonds.

The tax-exempt asset mix Jan. 1 was 45% stocks, 45% bonds and 10% cash.

Research is 25% internally generated; 65 stocks are followed closely and 200, generally.

Timothy E. Johnson, president, is the chief investment officer. Scott F. Muhlhauser, vice president, is the client contact.

Tom Johnson Investment Management Inc.

201 Robert S. Kerr, Suite 517, Fidelity Plaza, Oklahoma City, Okla. 73102; (405) 236-2111

Total assets managed	$385,000,000
Tax-exempt assets managed:	
Total	$380,000,000
Fully discretionary	$380,000,000
Minimum separate account	$400,000
Tax-exempt clients	11
Types of accounts managed	CG
No. of portfolio managers	1
Size of research staff	1

Tom Johnson Investment Management Inc., managing equity and balanced accounts, has a top-down equity approach with a contrarian emphasis. Combining low P/E, sector rotation, quantitative analysis and market timing, it seeks maximum total return while stressing preservation of capital.

Interest rate anticipation is the key to its fixed-income approach.

The asset mix Jan. 1 was 72% bonds, 16% stocks and 12% cash.

The net gain in new tax-exempt business totaled $6 million for 1984: $3.4 million in equities, $2.2 million in cash and $400,000 in fixed. Eight tax-exempt clients were added.

Oklahoma Teachers, Norick and C.H. Guernsey are among its clients.

Research is 25% internally generated; 200 stocks are followed closely and 500, generally.

Thomas E. Johnson, president, is chief investment officer and client contact.

Johnson, Valliant & Broadfoot Inc.

100 S. Charles St., Baltimore, Md. 21201; (301) 837-4800

Total assets managed	$183,000,000
Tax-exempt assets managed:	
Total	$177,000,000
Fully discretionary	$177,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	17
Types of accounts managed	CEFG
No. of portfolio managers	4

Johnson, Valliant & Broadfoot Inc., an equity manager, stresses emerging growth in its equity approach. It employs original, fundamental research to identify and invest in small, rapidly growing companies.

The tax-exempt asset mix Jan. 1 was 92% stocks and 8% cash.

The net gain in new tax-exempt business was $18 million for 1984. Two tax-exempt clients were added.

Clients include Scott Paper, Hughes Aircraft, Harvard University and GTE.

Research is 80% internally generated; 90 stocks are followed closely and 80, generally.

John T. Johnson, partner, is chief investment officer and client contact.

Jones Lang Wootton Realty Advisors

499 Park Ave., New York, N.Y. 10022; (212) 688-5181

Total assets managed	$900,000,000
Tax-exempt assets managed:	
Total	$272,000,000
Fully discretionary	$272,000,000
Real estate assets managed	$272,000,000
Minimum separate account	$100,000,000
Tax-exempt clients	3
Types of accounts managed	CG
No. of portfolio managers	5
Size of research staff	4

Jones Lang Wootton Realty Advisors is opportunistic in its approach to investment acquisitions, seeking high returns and the opportunity to significantly enhance values through aggressive on-site property management and the exploitation of redevelopment opportunities.

All tax-exempt assets were in equity real estate Jan. 1.

Pennsylvania Public School Employees, U S WEST and British Airways are its tax-exempt clients.

John A. Weisz, principal, is chief investment officer and client contact.

Jundt/Capen Associates Inc.

1660 S. Highway 100, Suite 440, Minneapolis, Minn. 55416; (612) 541-0677

Total assets managed	$315,000,000
Tax-exempt assets managed:	
Total	$315,000,000
Fully discretionary	$315,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	15
Types of accounts managed	CFJ
No. of portfolio managers	3
Size of research staff	1

Jundt/Capen Associates Inc., an equity manager, uses an emerging growth portfolio and a core growth portfolio with a very disciplined style of management.

The tax-exempt asset mix Jan. 1 was 65% stocks and 35% cash.

The net gain in new tax-exempt business was $155 million for 1984, all in equities; seven tax-exempt cli-

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Beacon Capital Management

ents were added.

Dana Corp., Pacific Gas & Electric, Amfac Inc. and Champion International are among its clients.

Research is 35% internally generated; 100 stocks are followed closely and 250, generally.

James R. Jundt, chairman, and Gary T. Capen, president, are the chief investment officers and client contacts.

Jurika & Voyles Inc.

1970 Broadway, Suite 1250, Oakland, Calif. 94612; (415) 834-9740

Total assets managed	$51,000,000
Tax-exempt assets managed:	
Total	$24,000,000
Fully discretionary	$24,000,000
Minimum separate account	$500,000
Tax-exempt clients	18
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	1

Jurika & Voyles Inc., an equity manager, combines low P/E and Graham & Dodd analysis in its equity approach, buying assets at a discount to their intrinsic value, which it defines as potential acquisition value.

The tax-exempt asset mix Jan. 1 was 70% stocks, 25% bonds and 5% cash.

The net gain in new tax-exempt business was $8 million for 1984, all in balanced accounts. Five tax-exempt clients were added.

Half of its research originates in-house; 35 stocks are followed closely and 60 to 70, generally.

Richard H. Morrison, director of investments, is the chief investment officer. William K. Jurika, president, is the client contact.

Pensions & Investment Age will publish a special report on the management of small and medium-sized pension funds in the June 10 issue.

k

Kahn Brothers & Co. Inc.

1 Exchange Plaza, 55 Broadway, New York, N.Y. 10004-3002; (212) 269-7450

Total assets managed	$287,000,000
Tax-exempt assets managed:	
Total	$89,000,000
Fully discretionary	$34,400,000
Minimum separate account	$500,000
Tax-exempt clients	48
Types of accounts managed	CEFJ
No. of portfolio managers	5
Size of research staff	1

Kahn Brothers & Co. Inc., a balanced manager, employs fundamental security analysis in the Graham & Dodd tradition to identify investments that have potential for the realization of those values.

For fixed income, the firm concentrates on higher grade credits and frequently invests in less conventional instruments in an effort to improve yield without sacrificing credit quality.

The asset mix Jan. 1 was 41% stocks, 30% cash and 29% bonds.

Alan R. Kahn, president, is the chief investment officer. Thomas G. Kahn, executive vice president, is the client contact.

Wertheim & Co. Inc. is the firm's clearing agent, which renders complete custodial services. Kahn Brothers Investment Management Corp., Alexandria, Va., is the firm's wholly owned subsidiary.

A.M. Kalling & Associates

4070 Three First National Plaza, Chicago, Ill. 60602; (312) 236-7540

Total assets managed	$125,000,000
Tax-exempt assets managed:	
Total	$122,000,000
Fully discretionary	$122,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	12
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	1

A.M. Kalling & Associates Ltd., an equity manager, bases its approach on growth stock. Selections emphasize general market assessment and timing of companies with strong fundamentals and improving earnings.

The tax-exempt asset mix Jan. 1 was 65% stocks, 25% cash and 10% bonds.

The net gain in new tax-exempt business totaled $25 million for 1984; four clients were added.

Bausch & Lomb, General Dynamics, Masonite and Rust-oleum are among its clients.

A. Michael Kalling, president, is chief investment officer and client contact.

Kangyo Kakumaru Capital Management Corp.

1 State Street Plaza, New York, N.Y. 10004; (212) 509-4661

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$1,000,000
No. of portfolio managers	7

Kangyo Kakumaru Capital Management Corp., an international manager, emphasizes long-term investments in growth stocks, with a top-down approach to industry selection and a bottom-up approach to stock selection.

The emphasis for fixed-income investments is on real return with low volatility, based on its forecast of future interest rates considering yield, maturity and quality.

Alliance International Technology Fund is one of its clients.

Keiji Wada, president, is chief investment officer and client contact.

The firm is a subsidiary of Kangyo Kakumaru Institute Inc., Tokyo.

Kanne, Paris & Hoban

135 S. LaSalle St., Chicago, Ill. 60603; (312) 372-2255

Total assets managed	$53,000,000
Tax-exempt assets managed:	
Total	$31,000,000
Fully discretionary	$31,000,000
Minimum separate account	$500,000
Types of accounts managed	CEJ
No. of portfolio managers	2
Size of research staff	2

Kanne, Paris & Hoban, an equity manager, uses Graham & Dodd analysis. It buys stocks that are undervalued, following a highly disciplined, bottom-up approach based on factual, fundamental information.

The firm's fixed-income approach is passive.

The asset mix Jan. 1 was 55% stocks, 39% cash and 6% bonds.

The net gain in tax-exempt business was $14 million; 10 tax-exempt clients were added.

All research originates in-house; 150 stocks are followed closely and 500, generally.

Jeffrey E. Kanne is the chief investment officer. Ernest J. Dunston is the client contact.

The Karsten Cos.

12121 Wilshire Blvd. #900, Los Angeles, Calif. 90025; (213) 826-0035

Total assets managed	$465,000,000
Tax-exempt assets managed:	
Total	$463,000,000
Fully discretionary	$167,000,000
Real estate assets managed	$463,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	15
Types of accounts managed	CGJ

The Karsten Cos. makes opportunistic real estate acquisitions that are aggressively managed and sold with strong cash-flow protection.

All tax-exempt assets were in equity real estate Jan. 1.

The firm netted $245 million in tax-exempt business for 1984; nine tax-exempt clients were added.

LTV Corp.; International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers & Helpers; Alaska Public Employees; and First Interstate Bank Corp. are among its clients.

John Lundsten, president, is chief investment officer and client contact.

The firm is a wholly owned subsidiary of First Interstate Bank Corp., which has total assets of $46 billion.

KAS Investment Consultants

306 Securities Building, Seattle, Wash. 98101; (206) 622-2565

Total assets managed	$8,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Minimum separate account	$100,000
Tax-exempt clients	8
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

KAS Investment Consultants manages equity, fixed-income and balanced accounts.

Its equity approach combines low P/E stocks, Graham & Dodd analysis and market timing. Stocks with strong fundamental value are identified with market screens and researched. Their purchase is timed for emergence from market disenchantment.

For fixed-income investments, interest rate and other value disequilibriums are sought. In part, these are identified and bond performance is simulated by its computer model.

R.J. Wells-Henderson, principal, is the chief investment officer. Richard L. Wilkins, principal, is the client contact.

RLW Co. is an associate of the firm.

William J. Kautz Associates

1205 Franklin Ave., Garden City, N.Y. 11530; (212) 227-3330, (516) 248-9566

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	2
Types of accounts managed	GJ
No. of portfolio managers	1

William J. Kautz Associates Inc., an equity and balanced manager, combines growth stock, Graham & Dodd analysis, market timing and technical analysis in its equity approach. Stressing both absolute and comparative value, the firm prefers companies with low P/E, high return on equity and assets, and which are underowned, underresearched and have problem-solving managements.

For fixed income, it uses interest rate anticipation, sector analysis and "going to cash." Swapping between sectors and maturity ranges is important. It is not afraid of junk bonds when it believes issuer is OK.

The asset mix Jan. 1 was 64% stocks, 35% bonds and 1% cash.

William J. Kautz is chief investment officer and client contact.

Keeley Asset Management

327 S. LaSalle, Suite 732, Chicago, Ill. 60604; (312) 922-2050

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$3,500,000
Fully discretionary	$3,500,000
Minimum separate account	$100,000
Tax-exempt clients	10
Types of accounts managed	C
No. of portfolio managers	1

Keeley Asset Management Corp., an equity manager, stresses emerging growth in three investment categories. In covered option writing, it buys high yield common stocks and writes options against them. In common stock investing, it buys common stocks or convertibles in special situation stocks, coupled with market timing. In arbitrage positions, it buys in anticipation of buy-outs for cash or securities involved in corporate reorganizations or spinoffs.

All tax-exempt assets were in stocks Jan. 1.

Research is 80% internally generated; 25 stocks are followed closely and 50, generally. The firm uses options.

John Keeley Jr., president, is chief investment officer and client contact.

Kemper Financial Services

120 S. LaSalle, Chicago, Ill. 60603; (312) 845-1958

Total assets managed	$22,491,000,000
Tax-exempt assets managed:	
Total	$3,326,000,000
Fully discretionary	$3,326,000,000
International assets managed	$80,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	65
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	15

Kemper Financial Services Inc. manages equity, fixed-income, balanced and international accounts.

Its fundamental equity approach is based on the firm's original research. Security selection is emphasized, based on its analysis of future earnings growth prospects.

Its fundamental fixed-income approach is based on sector analysis, credit research and a macroeconomic forecast.

The tax-exempt asset mix Jan. 1 was 64% stocks, 22% bonds and 14% cash.

The net gain in tax-exempt business totaled $175 million for 1984: $88 million in balanced and $87 million in equity accounts; 12 tax-exempt clients were added.

Pillsbury, Eastman Kodak, Shell and American Hospital Supply are among its clients.

Research is 75% internally generated; 250 stocks are followed closely and 600, generally. The firm uses options and stock index futures.

Gordon Wilson, senior vice president, is the chief investment officer. Timothy Kilfoil, vice president, is the client contact.

The firm is a wholly owned subsidiary of Kemper Corp., with total assets of $22.5 billion.

Kemper-Murray Johnstone International

120 S. LaSalle St., Chicago, Ill. 60603; (312) 845-1580

Total assets managed	$230,000,000
Tax-exempt assets managed:	

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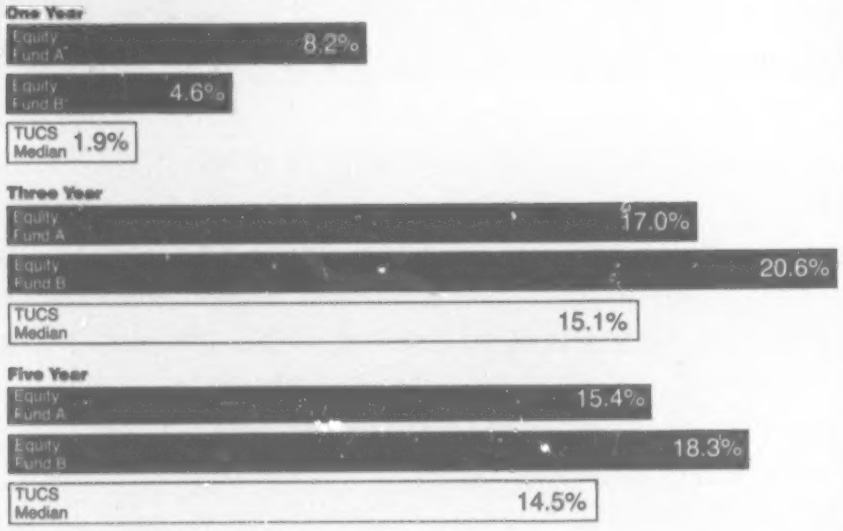

Fund A: Diversified Value Style, larger-capitalization emphasis
Fund B: Aggressive Value Style, smaller-capitalization emphasis

***First Quarter Update**
Fund A +11.8% Fund B +16.2% TUCS Median +8.7%

For more information on our investment services contact Roger Schaeffer at 612/291-5072

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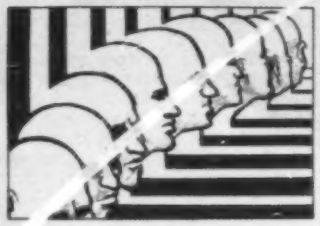

Total	$160,000,000
Fully discretionary	$160,000,000
International assets managed	$160,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	38
Types of accounts managed	CEFG
No. of portfolio managers	5

Kemper-Murray Johnstone International, an international manager, seeks undervalued international growth situations for its equity investments. It holds international bond portfolios in seven currencies.

The tax-exempt asset mix Jan. 1 was 60% bonds, 25% stocks and 14% cash, all in international markets.

The net gain in tax-exempt business for 1984 totaled $18 million: $13 million in bonds and $5 million in equities; five tax-exempt clients were added.

Hallmark Foundation, Cessna, Equifax and Seven Continents Insurance are among its clients.

Michael Porlett, executive vice president, is the chief investment officer. Gavin Dobson, vice president, is the client contact.

The firm is 51% owned by Kemper Financial Services, Chicago, and 49% owned by Murray Johnstone, Glasgow, Scotland. Total assets under management by the parent company and all subsidiaries amount to $25 billion.

Kennedy Associates Inc.

2400 Financial Center, Seattle, Wash. 98161; (206) 624-9640, (800) 426-0006

Total assets managed	$2,452,000,000
Tax-exempt assets managed:	
Total	$2,452,000,000
Fully discretionary	$2,100,000,000
Real estate assets managed	$514,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	52
Types of accounts managed	GJ
No. of portfolio managers	11
Size of research staff	5

Kennedy Associates Inc. manages only multiemployer (Taft-Hartley) and public funds in equity, fixed-income and balanced accounts.

For equity, it practices sector rotation of growth stock. It combines each client's investment objectives with its technical and fundamental research and then manages to those stated, individual guidelines and objectives. It capitalizes on the long-term prospects of stocks, bonds and real estate.

Evaluation of the interest rate cycle and its relationship to the business cycle and the economic outlook is most important to maximizing the expected performance of fixed-income assets.

Its real estate investment strategy is to purchase mortgages and equity positions in general-purpose, multitenanted commercial properties nationwide. Rent-escalation clauses are tied to the CPI, and all construction is union-built.

The tax-exempt asset mix Jan. 1 was 47% stocks, 30% bonds, 2% cash, 18% equity real estate and 3% mortgages.

The firm netted $100 million in tax-exempt business for 1984. Four tax-exempt clients were added.

Duff Kennedy, president, is the chief investment officer. Roger V. Kelly, senior vice president, is the client contact.

Kent Associates Inc.

90 Broad St., 23rd Floor, New York, N.Y. 10004; (212) 344-0957

Total assets managed	$210,000,000
Tax-exempt assets managed:	
Total	$210,000,000
Fully discretionary	$210,000,000
Minimum separate account	$600,000
Tax-exempt clients	5
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	3

Kent Associates Inc., an equity manager, uses proprietary programs to grade 1,000 stocks on low P/E, earnings momentum and surprise. Stocks are sold when their grades fall to the median and are replaced by the best unowned ones.

All tax-exempt assets were in stocks Jan. 1.

The firm had a net loss of $18.9 million in tax-exempt business in 1984.

Du Pont (Canada), Eastern Airlines, Honeywell and PPG are among its clients.

The firm follows 1,000 stocks closely and 1,000 generally.

Glenn Kent, president, is the chief investment officer. Richard McSherry, vice president-marketing, is the client contact.

Abel/Noser Corp., a brokerage firm, is an affiliate.

Key Bank of Central Maine

286 Water St., P.O. Box 1054, Augusta, Maine 04330; (207) 623-5523

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$37,000,000
Fully discretionary	$30,000,000
Minimum separate account	$35,000
Tax-exempt clients:	
Commingled	31
Separate	60
Types of accounts managed	CEF
No. of portfolio managers	2

Key Bank of Central Maine, an equity and fixed-income manager, uses sector rotation for stocks and takes a passive approach to fixed income.

Of the tax-exempt assets Jan. 1, $20 million was in commingled and $17 million in separate accounts.

The asset mix was 30% stocks, 60% bonds and 10% cash.

The firm follows 50 stocks closely and 250, generally.

Franklin Lawrence, vice president and trust investment officer, is the chief investment officer. Bill Swales, trust development officer, is the client contact.

P&I Age's annual master trust directory will run May 27.

Key Trust Co.

60 State St., Albany, N.Y. 12207; (518) 447-3713

Total assets managed	$1,900,000,000
Tax-exempt assets managed:	
Total	$400,000,000
Fully discretionary	$400,000,000
Minimum separate account	$300,000
Tax-exempt clients:	
Commingled	60
Separate	300
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	2

Key Trust Co. offers equity, fixed and balanced capabilities.

Sector rotation is the basis of its equity approach. Interest rate anticipation is combined with sector analysis for fixed income.

Of the tax-exempt assets Jan. 1, $10 million was in commingled and $390 million in separate accounts.

The asset mix was 55% stocks, 41% bonds and 4% cash.

The bank follows 160 stocks closely. Options are used.

Peter A. Farrell, executive vice president, is the chief investment officer. George H. Elferink, senior vice president, is the client contact.

Kiene, Wooters & Associates

2214 IDS Center, Minneapolis, Minn. 55402; (612) 338-7946

Total assets managed	$470,000,000
Tax-exempt assets managed:	
Total	$288,000,000
Fully discretionary	$288,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	38
Types of accounts managed	CG
No. of portfolio managers	5
Size of research staff	1

Kiene, Wooters & Associates Inc., a balanced manager, also manages equity and fixed-income hedge and overwrite accounts. Graham & Dodd analysis is the base of its equity approach.

Interest rate anticipation is the basis of its fixed-income style. It uses active, immunization, financial futures and options to achieve client return objectives and risk constraints.

The tax-exempt asset mix Jan. 1 was 55% bonds, 24% stocks and 21% cash.

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Research is 60% internally generated; 70 stocks are followed closely. The firm uses options, stock index futures and fixed-income futures.

Richard C. Kiene, president, and Robert L. Wooters, vice president, are the chief investment officers. Mr. Kiene is also the client contact.

Thomas D. Kienlen Corp.

975 Oak St., Suite 625, Eugene, Ore. 97401; (503) 686-2744

Total assets managed	$5,000,000
Tax-exempt assets managed:	
Total	$1,000,000
Fully discretionary	$1,000,000
Tax-exempt clients	40
Types of accounts managed	C
No. of portfolio managers	1

Thomas D. Kienlen Corp., an equity manager, has a market timing approach to equity, using mutual funds only.

All tax-exempt assets were in stocks Jan. 1.

All research originates in-house.

Thomas D. Kienlen is chief investment officer and client contact.

Luther King Capital Management

Suite 401, Burk Burnett, 500 Main St., Fort Worth, Texas 76102; (817) 332-3235

Total assets managed	$850,000,000
Tax-exempt assets managed:	
Total	$750,000,000
Fully discretionary	$750,000,000
Tax-exempt clients	55
Types of accounts managed	CEF
No. of portfolio managers	4

Luther King Capital Management, an equity manager, uses a sector rotation approach to equity, investing in two main areas of the market — sustainable high return on equity companies and significantly undervalued assets.

The tax-exempt asset mix Jan. 1 was 85% stocks and 15% cash.

The net gain in tax-exempt business for 1984 was $75 million; seven clients were added.

University of Notre Dame, Gannett, Fred Meyer Charitable Trust and Noble Affiliates are among its clients.

Research is 65% internally generated; more than 100 stocks are followed closely.

J. Luther King Jr. is the chief investment officer. Emmett M. Murphy is the client contact.

Kingsley, Jennison, McNulty & Morse Inc.

220 Sansome St., Suite 1100, San Francisco, Calif. 94104; (415) 433-5844

Total assets managed	$707,000,000
Tax-exempt assets managed:	
Total	$636,000,000
Fully discretionary	$636,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	31
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	3

Kingsley, Jennison, McNulty & Morse Inc., an equity and balanced manager, combines growth stock, sector rotation and market timing in its equity approach. Portfolios are invested in companies of all sizes having superior long-term growth characteristics. In periods of extreme uncertainty, cash reserves are judiciously created.

Using interest rate anticipation, it believes active bond management can add important incremental returns above those achieved on a broadly diversified market portfolio.

The tax-exempt asset mix Jan. 1 was 65% stocks, 20% cash and 15% bonds.

Richard K. Kingsley, chairman and chief executive officer, is the chief investment officer. Samuel B. Breck, senior vice president, is the client contact.

The firm is affiliated with Gartmore Investment Management Ltd., a London-based fund manager responsible for international portfolio assets in excess of $2.5 billion.

Kirkpatrick, Pettis, Smith, Polian Inc.

1623 Farnam St., Suite 700, Omaha, Neb. 68102; (402) 449-1400

Total assets managed	$103,000,000
Tax-exempt assets managed:	
Total	$94,000,000
Fully discretionary	$94,000,000
Minimum separate account	$100,000
Tax-exempt clients	35
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	3

Kirkpatrick, Pettis, Smith, Polian Inc., an equity manager, uses fundamental analysis to buy/hold securities that offer long-term relative value.

With a passive approach to fixed income, it buys only investment-grade securities and staggers the maturities, adjusting the average maturity in anticipation of future interest rates.

The asset mix Jan. 1 was 61% stocks, 34% bonds and 5% cash.

Research is 90% internally generated; 45 stocks are followed closely and 100, generally.

Randall D. Greer, executive vice president and chief operating officer, is the chief investment officer. Ellie Miller, assistant vice president, is the client contact.

The firm is a wholly owned subsidiary of Mutual of Omaha, with assets totaling $1.5 billion.

Kirr, Marbach & Co.

621 Washington St., Columbus, Ind. 47201; (812) 376-9444

Total assets managed	$190,000,000
Tax-exempt assets managed:	
Total	$148,000,000
Fully discretionary	$148,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	89
Types of accounts managed	CEF
No. of portfolio managers	2

Kirr, Marbach & Co., an equity manager, mingles growth stock and low P/E stocks in its equity approach.

Its fixed-income approach is passive.

The tax-exempt asset mix Jan. 1 was 61% stocks, 30% bonds and 9% cash.

The net gain in new tax-exempt business for 1984 was $11 million, all in equities; five tax-exempt clients were added.

Research is 70% internally generated; 70 stocks are followed closely and 150, generally.

Terry B. Marbach is the chief investment officer. David M. Kirr is the client contact.

Kleinwort Benson International Investment

100 Wall St., New York, N.Y. 10005; (212) 747-0440

Total assets managed	$288,000,000
Tax-exempt assets managed:	
Total	$242,000,000
Fully discretionary	$212,000,000
Tax-exempt clients	11
Types of accounts managed	CF
No. of portfolio managers	5
Size of research staff	60

Kleinwort Benson International Investment Ltd., an international manager, concentrates on the selection of good quality growth stocks, although some cyclical stocks are included from time to time. A low P/E ratio is also a criterion.

In its approach to fixed income, Kleinwort Benson attaches great importance to macroeconomic analysis and its expectations as to interest rates and currency movements.

One tax-exempt client was added in 1984.

Allied Corp., General Motors, Transamerica and National Rural Electric Cooperative Association are among its clients.

John F.H. Trott, chairman, is the chief investment officer. Donald Hurley Jr. is the client contact.

The firm is part of the Kleinwort Benson Group, which has approximately $4 billion in total assets.

Knight, Bain, Seath & Holbrook Capital Mgmt. Inc.

8 King St. E., Suite 1500, Toronto, Ontario M5C 1B5; (416) 863-1433

Total assets managed	$970,000,000
Tax-exempt assets managed:	
Total	$970,000,000
Fully discretionary	$970,000,000
U.S. assets managed	$185,000,000
International assets managed	$180,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	38
Types of accounts managed	CEF
No. of portfolio managers	4

Knight, Bain, Seath & Holbrook, a Canadian firm, has equity, fixed-income and balanced capabilities.

For equities, the firm's approach is based on growth stocks, low P/Es and Graham & Dodd analysis.

Interest-rate anticipation is used for fixed income.

The asset mix Jan. 1 was 37% Canadian stocks, 32% bonds, 13% cash and 18% U.S. stocks.

Research is 40% internally generated; 70 stocks are followed closely and 120, generally.

Seven tax-exempt clients are pension funds that are subsidiaries of U.S. firms.

Clients include Coca-Cola, Procter & Gamble, Dow Chemical and International Harvester.

The principals are the chief investment officers. Herbert N. Seath is the client contact.

Knowles & Hazlett Ltd.

326 Third Ave., Pittsburgh, Pa. 15222; (412) 391-6707

Total assets managed	$21,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$4,000,000
Minimum separate account	$100,000
Tax-exempt clients	6
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	1

Knowles & Hazlett Ltd., an equity manager, merges growth stock with emerging growth in its equity approach. Its fixed-income approach is passive.

The tax-exempt asset mix Jan. 1 was 60% stocks, 25% bonds and 15% cash.

Research is 25% internally generated; 15 stocks are followed closely and 30, generally. The firm uses options and stock index futures.

Albert P. Knowles, managing director, is the chief investment officer and client contact.

Kreger Capital Management

20180 Governors Hwy., Olympia Fields, Ill. 60461; (312) 481-1314

Total assets managed	$11,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$5,000,000
Real estate assets managed	$400,000
Minimum separate account	$50,000
Tax-exempt clients	9
Types of accounts managed	CE
No. of portfolio managers	2
Size of research staff	1

Kreger Capital Management, a balanced manager, stresses market timing in its equity approach. Secondary weight is given to industries selected to outperform the market. In market down-trends, it takes a 100% cash position.

For fixed income, it also relies on market timing. In market down-trends, it selects short maturities or money market funds, switching to medium-length maturities in up-trends.

Real estate investments are used for portfolio diversification. Economic value is emphasized over tax-shelter consideration.

Research is 90% internally generated. The firm uses options and stock index futures.

Donald F. Kreger is the chief investment officer.

Kronwall Capital Management Inc.

6300 E. El Dorado Plaza, Suite C, Tucson, Ariz. 85715; (602) 886-3130

Total assets managed	$137,000,000
Tax-exempt assets managed:	
Total	$126,000,000
Fully discretionary	$126,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	17
Types of accounts managed	CEFGJ
No. of portfolio managers	2
Size of research staff	1

Kronwall Capital Management Inc., an equity and balanced manager, combines low P/E stocks and sector rotation in its equity approach and concentrates on identifying stocks with strong earnings momentum.

Its fixed-income approach uses interest rate anticipation and concentrates on credit quality. Convertibles may be used as substitutes for straight debt.

The tax-exempt asset mix Jan. 1 was 68% stocks, 28% cash and 4% bonds.

Research is 90% internally generated; 50 to 100 stocks are followed closely and 1,000, generally.

Nicholas B. Kronwall, president, is chief investment officer and client contact.

Kurtz Capital Management

P.O. Box 461, Livingston, N.J. 07039; (201) 226-7500

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$55,000,000
Fully discretionary	$55,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	5
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	1

Kurtz Capital Management, an equity manager, combines growth and low P/E stocks with Graham & Dodd analysis in its equity approach. Primary focus is on seasoned, quality, small-to-medium-size companies exhibiting above-average growth and profitability for at least one full business cycle and selling at modest price/book relationships.

The tax-exempt asset mix Jan. 1 was 90% stocks and 10% cash.

Hughes Aircraft, Whittaker Corp., Frank Russell Trust and Evaluation Associates Trust are among its clients.

Research is 80% internally generated; 150 stocks are followed closely and 250, generally.

Raymond J. Kurtz, president, is chief investment officer and client contact.

1

Laidlaw Capital Management

275 Madison Ave., New York, N.Y. 10016; (212) 210-5707

Total assets managed	$565,000,000
Tax-exempt assets managed:	
Total	$430,000,000
Fully discretionary	$400,000,000
International assets managed	$10,000,000
Minimum separate account	$250,000
Tax-exempt clients	40
Types of accounts managed	CFJ
No. of portfolio managers	7
Size of research staff	3

Laidlaw Capital Management Inc.'s equity strategy includes growth and low P/E stocks, sector rotation and market timing.

For fixed income, it uses interest rate anticipation.

The asset mix Jan. 1 was 50% bonds, 40% stocks and 10% cash. International investments included $5 million in stocks and $5 million in bonds.

The net gain in new tax-exempt business for 1984 was $380 million: $280 million in fixed and $100 million in equities; 15 tax-exempt clients were added.

John P. Gantly, president, is the chief investment officer. Walter LeRoy Twiste, vice chairman, is the client contact.

The firm is a subsidiary of Laidlaw Adams & Peck Inc.

Laketon Investment Management

P.O. Box 31, Suite 1830, Royal Bank Plaza, North Tower, Toronto, Ontario M5J 2J1; (416) 868-1380

Total assets managed	$412,000,000
Tax-exempt assets managed:	
Total	$271,000,000
Fully discretionary	$271,000,000
U.S. assets managed	$55,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	9
Types of accounts managed	CFU
No. of portfolio managers	5

Laketon Investment Management, a Canadian firm, has equity, fixed-income and balanced capabilities.

For equities, a top-down approach is used to identify industry group concentration. Groups are rotated through economic cycles using high-quality, readily marketable stocks.

The fixed-income approach uses interest-rate anticipation to determine maturity schedules. In addition, the firm does relative value trades to take advantage of market anomalies.

The asset mix Jan. 1 was 45% Canadian stocks, 40% bonds, 7% cash and 8% U.S. stocks.

Clients include Cominco, Red Cross, Edmonton and Canadian Allied Wholesale & Retail Union.

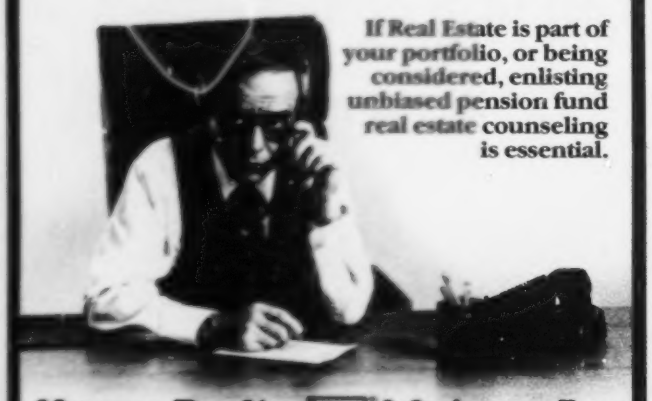
Alden S. White, managing partner, is the client contact.

Landauer Advisors Inc.

335 Madison Ave., New York, N.Y. 10017; (212) 687-2323

Total assets managed	$804,000,000

Are You A Prudent Expert?



If Real Estate is part of your portfolio, or being considered, enlisting unbiased pension fund real estate counseling is essential.

Abacus Realty Advisors, Inc.

Experienced, Professional and Independent Real Estate Counsel

A subsidiary of Walter E. Heller & Company

Pension Fund Inquiries Currently Being Accepted

CHICAGO
Contact Tom Steel or Pat Martin
115 S. LaSalle St.
Chicago, IL 60602
(312) 346-9172

BOSTON
Contact Evan Weston
60 Williams Street
Wellesley, MA 02144
(617) 235-2350

Tax-exempt assets managed:	
Total	$804,000,000
Fully discretionary	$35,000,000
Real estate assets managed	$804,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	10
Types of accounts managed	CG

Landauer Advisors Inc., a real estate manager, is a research driven company employing a flexible acquisition approach to buy the best properties, manage them aggressively and maximize value at time of sale.

All assets were in equity real estate Jan. 1.

The net gain in new tax-exempt business for 1984 was $210 million; four tax-exempt clients were added.

Clients include GM, Royal Dutch Shell, Honeywell and Unilever.

John D. Ryan, president, is the chief investment officer. Charles H. Vaughn Jr., senior vice president, is the client contact.

Landmark Union Trust Bank

P.O. Box 11388, St. Petersburg, Fla. 33733; (813) 821-1111

Total assets managed	$505,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$198,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	45
Separate	30
Types of accounts managed	CEFG
No. of portfolio managers	4

Landmark Union Trust Bank, an equity and balanced manager, takes a value approach to equity using low P/E, high-yield stocks with positive earnings and price momentum and capitalization of more than $100 million. It uses a bottom-up approach, with cash reflecting availability of purchase alternatives.

The fixed-income strategy emphasizes short to intermediate maturities with quality ratings of A or better. Interest rate anticipation is not used, but the bank reacts to trends through application of the yield curve.

Times Publishing, Fotomat St. Anthony's Hospital and Pinellas Park, Fla., are among its tax-exempt clients.

Research is 20% internally generated; 85 stocks are followed closely and 100, generally.

Vernon B. Gayne Jr., vice president, is chief investment officer. Allen G. Shaffer, vice president, is client contact.

LaSalle Advisors Inc.

11 S. LaSalle St., Chicago, Ill. 60603; (312) 782-5800

Total assets managed	$2,500,000,000
Tax-exempt assets managed:	
Total	$1,450,000,000
Real estate assets managed	$1,450,000,000
Minimum separate account	$100,000,000
Tax-exempt clients	33
Types of accounts managed	CFG

LaSalle Advisors Inc., a real estate manager, specializes in major income-producing properties, such as office buildings, shopping centers and industrial parks. It believes those properties will enable its investors to realize the benefits of real estate, good returns and offer a stabilizing inflation hedge. Emphasis is on active management of the properties in the portfolio.

All assets were in equity real estate Jan. 1.

Stanislaw Maliszewski, vice president, is the client contact.

C.J. Lawrence Management

115 Broadway, New York, N.Y. 10006; (212) 306-9482

Total assets managed	$275,000,000
Tax-exempt assets managed:	
Total	$110,000,000
Fully discretionary	$103,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	32
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	24

C.J. Lawrence Management, handling both equity and balanced accounts, is a focused, relative value manager using sector rotation, systematic cash flow valuation screens and Graham & Dodd fundamental research in stock selection and top-down forecasting process for investment theme and asset allocation.

Interest rate anticipation is used for bonds. The asset mix was 74% stocks, 16% bonds and 10% cash.

E. William Smethurst Jr., managing director, is the chief investment officer. Barbara P. Chmiel, manager, client services, is the client contact.

Lazard Freres Asset Management

1 Rockefeller Plaza, New York, N.Y. 10020; (212) 489-6600

Total assets managed	$3,792,000,000
Tax-exempt assets managed:	
Total	$3,142,000,000
Fully discretionary	$1,912,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	64
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	6

Lazard Freres Asset Management, an equity, fixed and balanced manager, uses proprietary research to discover and validate stocks where it received more (high returns on equity and assets) than it paid for (price/book value).

Fixed-income accounts are managed with a total return orientation. Valuation techniques are used to restructure the coupon sector, quality and maturity of portfolios. Strategy is implemented through the use of risk-reward analysis.

The asset mix Jan. 1 was 62% stocks, 25% bonds and 13% cash.

The net gain in new tax-exempt business for 1984 was $804 million — $590 million in equities and $214 million in balanced accounts; 23 tax-exempt clients were added.

New York Electric Gas, Bakery & Confectionary Unions, New York City Carpenters and General Dynamics are among its clients.

Herbert W. Gullquist is the chief investment officer. Mark W. Hamilton and Anthony L. Dote Jr., vice presidents, are the client contacts.

L&B Real Estate Advisors

121 S. Broad St. 13th Floor, Philadelphia, Pa. 19107; (215) 985-3922

Total assets managed	$1,125,000,000
Tax-exempt assets managed:	
Total	$1,125,000,000
Fully discretionary	$1,125,000,000
Real estate assets managed	$1,125,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3
Types of accounts managed	G
No. of portfolio managers	6

L&B Real Estate Advisors considers real estate to be a long-term investment providing high returns and low portfolio volatility. To achieve these objectives, it makes equity-oriented investments in quality properties.

The asset mix Jan. 1 was 48% equity real estate and 52% mortgages.

Douglas S. Callantine and Richard B. Goldbeck are the chief investment officers. Alan T. Yukas, director of marketing, is the client contact.

The firm is affiliated with Fidelcor inc., the bank holding company for Fidelity Bank.

R.M. Leary & Co. Inc.

3300 E. First Ave., #380, Denver, Colo. 80206; (303) 320-1063

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$17,000,000
Fully discretionary	$17,000,000
Minimum separate account	$100,000
Tax-exempt clients	97
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	3

R.M. Leary & Co. Inc., an equity manager, bases its equity approach on market timing. It uses a bond fund, anchor money market and volatile stock fund to take advantage of dependable stock market fluctuations.

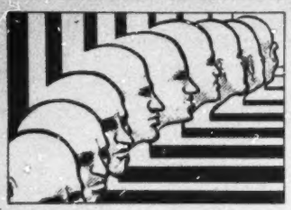
Interest rate anticipation is the key to its fixed-income approach. Money markets, within each mutual fund group, are used only during bearish markets.

The asset mix Jan. 1 was 80% stocks and 20% bonds.

Kate Leary Lee, president, is chief investment officer and client contact.

International investment management will be reviewed in the June 24 issue of *Pensions & Investment Age*.

Profiles



Leavy Investment Management Inc.

6400 Powers Ferry Road, Suite 102, Atlanta, Ga. 30339; (404) 951-9314

Total assets managed	$202,000,000
Tax-exempt assets managed:	
Total	$202,000,000
Fully discretionary	$143,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	1

Leavy Investment Management Inc. manages equity, fixed-income and balanced accounts.

With a balanced approach to equity, it seeks to lower risk while maximizing return potential. Its four principles are: willingness to go against the crowd; price sensitivity; high quality; and adequate diversification.

For fixed income, it seeks the best compromise between the reinvestment rate risk (short-term bonds and cash) and risk of market value fluctuation (long bonds). It emphasizes reaction to, rather than prediction of, changes in interest rates.

The asset mix Jan. 1 was 84% bonds, 12% stocks and 4% cash.

The net gain in new tax-exempt business was $75 million for 1984: $72 million in fixed and $3 million in equities; three tax-exempt clients were added.

John M. Leavy, president and senior investment officer, is the chief investment officer and client contact.

Lee, Robinson & Steine Inc.

First American Center, Nashville, Tenn. 37238; (615) 748-2893

Total assets managed	$852,000,000
Tax-exempt assets managed:	
Total	$292,000,000
Fully discretionary	$292,000,000
Minimum separate account	$500,000
Types of accounts managed	CEFG
No. of portfolio managers	7
Size of research staff	2

Lee, Robinson & Steine Inc., an equity and fixed-income manager, combines market timing and capital preservation in its equity approach.

Its fixed income approach is 70% interest rate anticipation and 30% sector analysis.

The asset mix Jan. 1 was 40% stocks, 40% bonds and 20% cash.

Charles H. Robinson, president, is chief investment officer and client contact.

The firm is affiliated with First American National Bank, which had total assets of $1.2 billion Jan. 1.

Legg Mason Capital Management Inc.

7 E. Redwood St., Baltimore, Md. 21203; (301) 539-3400

Total assets managed	$65,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Minimum separate account	$250,000
Tax-exempt clients	65
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	12

Legg Mason Capital Management Inc., an equity manager, combines low P/E stocks and Graham & Dodd analysis in its equity "value approach", stressing the purchases of securities that appear to be undervalued in relation to the long-term earning power of the asset value of their underlying companies.

Its fixed-income approach is passive.

The asset mix Jan. 1 was 90% stocks and 10% cash.

Philip E. Sachs, president, is the chief investment officer and client contact.

The firm is a wholly owned subsidiary of Legg Mason Inc.

Lehman Management Co.

55 Water St., New York, N.Y. 10041; (212) 558-3324

Total assets managed	$12,330,000,000
Tax-exempt assets managed:	
Total	$6,604,000,000
Fully discretionary	$6,484,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	135
Types of accounts managed	CEFGJ
No. of portfolio managers	13
Size of research staff	11

Lehman Management Co. Inc. manages equity, fixed-income and balanced accounts.

The firm's equity approach combines growth, emerging growth and low P/E stocks with sector rotation and Graham & Dodd analysis. For Taft-Hartley funds, the emphasis is on a contrarian, value-oriented, total return approach. For corporate funds, it purchases growth-oriented securities at reasonable prices.

Bonds are managed actively, based on interest rate forecasts and proprietary quantitative techniques. Sector analysis is used.

The asset mix Jan. 1 was 43% stocks, 37% bonds and 20% cash.

The net gain in new tax-exempt business was $654 million for 1984; 18 tax-exempt clients were added.

Clients include New York City Employees, Halliburton and Bricklayers and Trowel Trades International.

Research is 70% internally generated; 200 stocks are followed closely and 350, generally.

Coleman M. Brandt, executive vice president, is the chief investment officer. James J. Manley, executive vice president (Taft-Hartley), and J. Scott Higgins, executive vice president (corporate), are the client contacts.

The firm is a subsidiary of Shearson Lehman/American Express.

Lehndorff

360 Bay St., Toronto, Ontario M5H 2V6; (416) 869-7800

Total assets managed	$965,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Real estate assets managed	$65,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	12
Types of accounts managed	CU

Lehndorff, a Canadian firm, is a real estate manager.

The firm focuses on fully leased income producing properties that are well located in major urban centers and offer above-average returns and potential for income growth and capital appreciation.

All assets were in equity real estate Jan. 1.

Clients include Canadian Broadcasting, Imperial Oil, George Weston and Bank of Montreal.

Ronald T. Janes, executive vice president and general manager, is chief investment officer; David R. Kinnie, vice president, is client contact.

Lehndorff is affiliated with First Marathon Securities Ltd. in Canada and with David L. Babson Co. in the United States.

Lehndorff & Babson Real Estate Counsel Inc.

2501 Cedar Springs, Suite 340, Dallas, Texas 75201; (214) 658-0800

Total assets managed	$1,204,000,000
Tax-exempt assets managed:	
Total	$249,000,000
Real estate assets managed	$249,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	15
Types of accounts managed	CFG

Lehndorff & Babson Real Estate Counsel Inc., a real estate manager, invests in larger office and retail properties chosen for the potential to create value through management during a five- to 15-year holding period.

All tax-exempt assets were in equity real estate Jan. 1.

The net gain in new tax-exempt business was $113.5 million for 1984.

Atlantic Richfield, Dresser Industries, Textron and United Technologies are among its clients.

M. Thomas Lardner, president, is the chief investment officer. Robert M. Angland, executive vice president, is the client contact.

Leith Wheeler Management

Box 10365, Pacific Centre, Suite 1930, 609 Granville St., Vancouver, British Columbia V7Y 1G5; (604) 683-3391

Total assets managed	$166,000,000
Tax-exempt assets managed:	
Total	$134,000,000
Fully discretionary	$166,000,000
U.S. assets managed	$17,000,000
Minimum separate account	$750,000
Tax-exempt clients	16
Types of accounts managed	CFU
No. of portfolio managers	4

Leith Wheeler Management Ltd., a Canadian firm, has equity, fixed-income and balanced capabilities.

Using Graham & Dodd analysis in its equity approach, the firm is highly disciplined in its search for value. It buys the whole company with specific long-term appraisals and targets based on business criteria.

The firm uses interest rate anticipation in its fixed-income approach. It does not like to use long-term bonds, believing the government lacks discipline. It buys long bonds, however, when a money "crunch" occurs.

Two clients are pension funds that are subsidiaries of U.S. firms.

Murray V. Leith, president, is chief investment officer and client contact.

Leland O'Brien Rubinstein Associates Inc.

707 Wilshire Blvd., 13th Floor, Los Angeles, Calif. 90017; (213) 614-3173

Total assets managed	$1,450,000,000
Tax-exempt assets managed:	
Total	$1,450,000,000
Fully discretionary	$1,450,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	24
Types of accounts managed	CEFG
No. of portfolio managers	5

Leland O'Brien Rubinstein Associates Inc. specializes in dynamic risk hedging.

The net gain in new tax-exempt business for 1984 was $1 billion; four clients were added.

The firm uses stock-index and fixed-income futures.

Clients include Gates, Manville, Honeywell and TWA.

Larry D. Edwards, president, is the chief investment officer. John W. O'Brien, chairman and chief executive officer, is the client contact.

First Interstate Investment Services, a wholly owned subsidiary of First Interstate Bancorp, owns a minority interest in the firm.

The Leonard Management Group

407 W. Avon Road, Avon, Conn. 06001; (203) 673-3237

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$1,000,000
Fully discretionary	$1,000,000
Minimum separate account	$250,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	2

The equity approach of The Leonard Management Group, a balanced manager, is based on low P/E, Graham & Dodd and market timing. Investments are concentrated in undervalued and out-of-favor stocks that display characteristics that will attract investor attention. Fixed-income investments are structured to benefit from the interest-rate and credit-quality cycles.

As of Jan. 1, the mix of the tax-exempt assets was 40% stocks, 20% bonds and 40% cash.

Three-quarters of its research is done in-house. Fifty stocks are followed closely and 5,000 generally.

James P. Leonard, president, is chief investment officer and client contact.

Julian A. Lerner & Associates

1850 Two Lincoln Centre, Dallas, Texas 75240; (214) 980-1800

Total assets managed	$124,000,000
Tax-exempt assets managed:	
Total	$124,000,000
Fully discretionary	$124,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	10
Types of accounts managed	C
No. of portfolio managers	2

Julian A. Lerner & Associates, an equity manager, seeks increases in earnings, revenue and backlog in quality, growth companies.

The asset mix Jan. 1 was 82% stocks and 18% cash.

Research is 10% internally generated; 50 to 60 stocks are followed closely.

Julian A. Lerner is the chief investment officer.

The firm is affiliated with Fund Management Co.

Lesesne & Co. Inc.

3414 Peachtree Road N.E., Suite 820, Atlanta, Ga. 30326; (404) 261-8200

Total assets managed	$35,000,000
Tax-exempt assets managed:	
Total	$35,000,000
Fully discretionary	$35,000,000
Minimum separate account	$250,000
Tax-exempt clients	48
Types of accounts managed	CFJ
No. of portfolio managers	1
Size of research staff	1

Lesesne & Co. Inc., a balanced manager, uses a market timing approach to equities and interest rate anticipation in fixed income. It uses three high-quality stock, bond and money market mutual funds.

All assets were in stocks Jan. 1.

The net gain for new tax-exempt business was $2.8 million for 1984; four tax-exempt clients were added.

Clients include Atlanta Plumbers & Steamfitters Local #72, Rock-Tenn Co., Coronet Industries and Sheetmetal Workers Local #85.

Brannon B. Lesesne Jr., president, is chief investment officer and client contact.

Lexington Management

Park 80 West, Plaza Two, Saddle Brook, N.J. 07662; (201) 845-7300

Total assets managed	$1,108,000,000
Tax-exempt assets managed:	
Total	$362,000,000
Fully discretionary	$350,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	41
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	9

Lexington Management Corp., an equity, fixed-income and balanced manager, uses Graham & Dodd analysis in equities. Its goal, in stocks and bonds, is to preserve capital and earn a real rate of return. It will not own an equity unless it anticipates earning at least twice the risk-free rate.

Using an interest rate anticipation approach to fixed income, it uses duration to manage portfolios; its neutral position is very defensive.

The asset mix Jan. 1 was 57% stocks, 23% bonds and 20% cash.

The net gain in new tax-exempt business for 1984 was $75 million: $50 million in equities and $25 million in fixed; nine tax-exempt clients were added.

John W. Johnson is chief investment officer. Joseph Barcic Jr., chief operating officer, is client contact.

The firm is wholly owned by Piedmont Management Corp., a holding company. Reinsurance Corp. of New York is a sister firm.

Leylegian Investment Management

855 Oak Grove Ave., Suite 200, Menlo Park, Calif. 94025; (415) 325-1055

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$150,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	8
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	2

Leylegian Investment Management is an equity and balanced manager.

Its global economic top-down approach determines industry sectors and equity selection. Sales are directed by a proprietary sell discipline.

The firm uses interest rate anticipation in fixed income.

All assets were in equities Jan. 1.

The firm netted $20 million in new tax-exempt business for 1984; two tax-exempt clients were added.

Research is 95% internally generated; 30 stocks are followed closely and 30, generally.

Jack H. Leylegian II is chief investment officer and client contact.

Liberty Capital Management

11 Broadway, Suite 1066, New York, N.Y. 10004; (212) 509-0550

Total assets managed	$253,000,000
Tax-exempt assets managed:	
Total	$135,000,000
Fully discretionary	$135,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	27
Types of accounts managed	CEFGJ
No. of portfolio managers	2

Liberty Capital Management Inc., in its active management of U.S. Treasury securities, focuses on price movements rather than yield spread relationships. The fixed-income manager uses computerized decision systems for its highly risk-averse and consistent results.

All assets were in bonds Jan. 1.

The net gain for new tax-exempt business for 1984 was $35 million; 10 tax-exempt clients were added.

William L. Chapman II, managing director, is the chief investment officer. Daniel J. Kapica, director of marketing, is the client contact.

Liberty National Bank of Louisville

P.O. Box 32500, Louisville, Ky. 40232; (502) 566-2038

Total assets managed	$1,561,000,000
Tax-exempt assets managed:	
Total	$680,000,000
Fully discretionary	$580,000,000
Real estate assets managed	$27,000,000
Minimum separate account	$100,000
Tax-exempt clients:	
Commingled	150
Separate	550
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	2

Liberty National Bank of Louisville, an equity, fixed-income and balanced manager, uses quantitative, technical and fundamental screens to blend value and momentum in its equity approach. Its market timing focuses on moves in excess of 5%; sector rotation is implemented.

Its fixed-income style assumes below-average market and credit risk and incorporates significant shifts in maturity and sector patterns.

Research is 85% internally generated; 75 stocks are followed closely and 800, generally. The bank uses options.

Robert C. Gray, senior vice president, is the chief investment officer. Kennedy H. Clark, senior vice president, is the client contact.

Life Insurance Co. of Georgia

600 W. Peachtree, Atlanta, Ga. 30365; (404) 898-1644

Total assets managed	$1,250,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$200,000,000
Tax-exempt clients:	
Pooled	3
GICs	42
Other	40
Types of accounts managed	C
No. of portfolio managers	6
Size of research staff	6

The Life Insurance Co. of Georgia offers equity and fixed-income capabilities. Its equity approach emphasizes growth stock, while the fixed-income approach is based on interest rate anticipation.

Of the tax-exempt assets under management Jan. 1, $23 million was in pooled separate accounts. The asset mix was 60% stocks and 40% bonds.

GICs accounted for $80 million.

S. John Achenback, president, Investment Centre Inc., is chief investment officer. Harold Beale, group pension specialist, is client contact.

Life Investors Management

4333 Edgewood Road N.E., Cedar Rapids, Iowa; (319) 398-8789

Total assets managed	$1,150,000,000
Tax-exempt assets managed:	

Total	$50,000,000
Fully discretionary	$50,000,000
Real estate assets managed	$15,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	15
Types of accounts managed	C
No. of portfolio managers	7
Size of research staff	3

Life Investors Management Corp. is primarily a fixed-income manager.

The firm takes a top-down approach to equity: economic sector to industrial category to specific company. Its approach includes the use of growth and emerging growth stocks, low P/Es and Graham & Dodd analysis.

The firm buys quality company fixed-income issues that usually carry low ratings. It practises interest rate anticipation.

In real estate, it actively manages properties after careful selection and economic purchases.

The asset mix Jan. 1 was 20% stocks, 40% bonds, 10% cash and 30% mortgage-backed securities.

Ronald C. Wright, executive vice president, is the chief investment officer. Michael E. Scherrman, marketing manager, is the client contact.

The firm is a subsidiary of Life Investors Inc., a life insurance holding company.

Lincoln Capital Management

200 S. Wacker Drive, Chicago, Ill. 60606; (312) 559-2880

Total assets managed	$4,143,000,000
Tax-exempt assets managed:	
Total	$4,116,000,000
Fully discretionary	$4,116,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	50
Types of accounts managed	CEFGJ
No. of portfolio managers	9

Lincoln Capital Management Co., an equity, fixed-income and balanced manager, has pursued a traditional growth stock approach to equity for 17 years.

It practices active fixed-income management with assured minimum return.

The asset mix Jan. 1 was 66% bonds and 34% stocks.

The net gain in new tax-exempt business was $939 million for 1984: $735 million in fixed and $204 in equities; seven tax-exempt clients were added.

Clients include RCA, GM, United Airlines and Virginia.

Research is 80% internally generated; 50 stocks are followed closely and 450, generally.

Parker Hall, president, is the client contact.

Lincoln National Life Insurance Co.

1300 S. Clinton St., Fort Wayne, Ind. 46801; (219) 427-4787

Total assets managed	$13,000,000,000
Tax-exempt assets managed:	
Total	$3,812,000,000
Fully discretionary	$3,812,000,000
Minimum separate account	$500,000
Tax-exempt clients	991
Types of accounts managed	CGJ
No. of portfolio managers	6

Lincoln National offers equity, fixed-income, balanced and real estate capabilities.

Its stock selection process is a value approach based on fundamental judgments backed by quantitative measurements of the research input to determine those stocks likely to have the greatest predictive accuracy.

For fixed income, interest rate anticipation is employed.

Stock index and fixed-income futures are used.

On Jan. 1, $357 million was in pooled and $1.4 billion in individual separate accounts. The asset mix was 49% stocks, 29% bonds, 8% cash and 14% mortgages.

GICs accounted for $895 million.

Clients include Ford Motor, Beatrice Foods, Whirlpool and Federal Express.

C. David Silletto, executive vice president, is the chief investment officer. Jon Boscia, senior vice president, Lincoln National Pension, is the client contact.

Subsidiaries include Lincoln National Investment Management Co. and MPT Associates.

Lingo Capital Management

3200 West End Ave., Suite 405, Nashville, Tenn. 37203; (615; 292-9546

Total assets managed	$6,000,000
Minimum separate account	$100,000
Types of accounts managed	C
No. of portfolio managers	1

Lingo Capital Management, an equity manager, was established in August 1983.

The firm has a bottom-up approach to stock selection using successive statistical screens of stock data.

Its fixed-income approach is passive.

All its research originates in-house; 50 stocks are followed closely and 2,600, generally.

Kenneth H. Lingo, owner, is chief investment officer and client contact.

Lipper Analytical Services

5 Carol Road, Westfield, N.J. 07090; (201) 233-8100

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
International assets managed	$4,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	11
Types of accounts managed	CF
No. of portfolio managers	2

Lipper Analytical Services Inc. invests exclusively in investment companies.

For equity, it emphasizes diversification, specialization, rotation and low valuation. Within the requirements of each account, it believes in broad diversification of investment styles across domestic and international equities.

Using interest rate anticipation, its primary fixed-income vehicles are money market instrument funds. On occasion, either high- or low-quality, long-term bond funds are used.

On Jan. 1, all assets were in investment companies, including open-end (mutual) funds and closed-end funds.

A. Michael Lipper, president, is chief investment officer. Henry Shilling, director of marketing, is client contact.

Loeb Partners Realty

521 Fifth Ave., New York, N.Y. 10175; (212) 883-0371

Total assets managed	$450,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Real estate assets managed	$150,000,000
Tax-exempt clients	2
Types of accounts managed	C

Loeb Partners Realty, an equity real estate manager, makes investments in existing, income-producing properties, structured to the individual needs and requirements of investors.

All assets were in equity real estate Jan. 1.

Joseph S. Lesser is the chief investment officer. Gary L. Naughton is the client contact.

Loewi Asset Management

700 N. Water St., Milwaukee, Wis. 53202; (414) 347-3500

Total assets managed	$155,000,000
Tax-exempt assets managed:	
Total	$110,000,000
Fully discretionary	$110,000,000
Minimum separate account	$500,000
Tax-exempt clients	60
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	1

Loewi Asset Management Corp. is an equity, fixed-income and balanced manager.

The firm's equity investment decisions emphasize the fundamental analysis of individual securities. Combining growth stock and emerging growth approaches, it concentrates on ownership of quality companies with superior earnings and dividends growth purchased at reasonable valuation levels. The firm uses stock index futures.

Its fixed-income philosophy concentrates on the management of portfolio duration as well as yield enhancement using fixed-income options and futures.

Dedications and immunization are specialties.

Clifford T. Nilsen is chief investment officer; William R. Sachse is client contact.

Numbers speak louder than words.

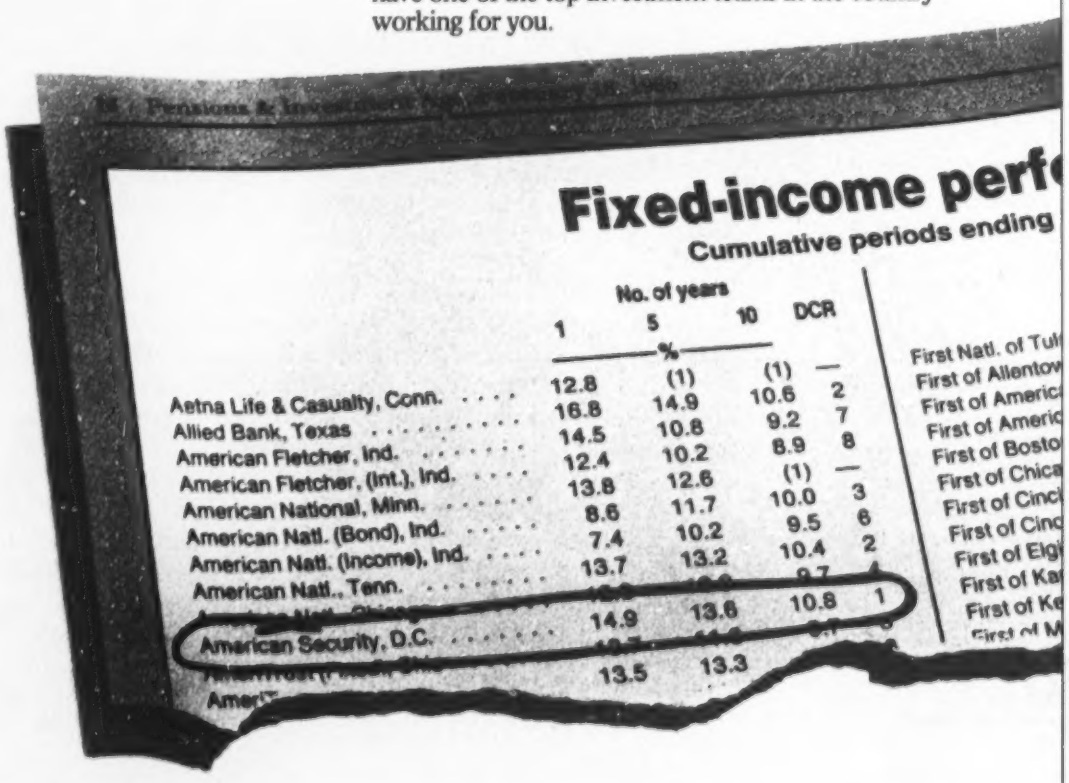
The PIPER Survey results are in. And ASB Capital Management, Inc. received the top decile ranking again for fixed-income performance over the past ten years.

Proof of our consistency in maximizing return while minimizing risk.

And the result of our adherence to a philosophy that stresses "active" portfolio management.

As an independent subsidiary of American Security Corporation and the largest SEC-registered investment advisor in the Washington area, we have the asset base and flexibility to provide a wide variety of investment vehicles to institutional clients.

Contact Chip Wilson at 202-383-6390 and have one of the top investment teams in the country working for you.



ASB CAPITAL MANAGEMENT INC.

ASB Capital Management, Inc., 655 15th Street, N.W., Suite 800, Washington, D.C. 20005
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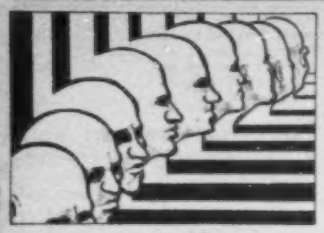

The Lomas & Nettleton Advisory Group Inc.

P.O. Box 225644, Dallas, Texas 75265; (214) 761-8296

Total assets managed	$360,000,000
Tax-exempt assets managed:	
Total	$360,000,000
Real estate assets managed	$360,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	1
Types of accounts managed	G

The Lomas & Nettleton Advisory Group Inc. was created for the purpose of providing a full real estate investment advisory service for the client, including thorough screening and underwriting of proposed real estate investments and a complete asset management function.

All assets were in mortgages Jan. 1.

The net gain in new tax-exempt business for 1984 was $226 million.

David A. Ridley, vice president, is chief investment officer and client contact.

The firm is a wholly owned subsidiary of the Lomas & Nettleton Co.

Loomis, Sayles & Co. Inc.

1 Financial Center, Boston, Mass. 02111; (617) 482-2450

Total assets managed	$13,436,000,000
Tax-exempt assets managed:	
Total	$10,849,000,000
Fully discretionary	$7,726,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	485
Types of accounts managed	CEFGJ
No. of portfolio managers	52
Size of research staff	27

Loomis, Sayles & Co. Inc. is an equity, fixed-income and balanced manager.

In equities, it uses sector rotation. Practicing flexible group rotation among all types of stocks, based on its equity valuation process, it looks for exceptional, unexpected surges in earnings.

Using interest rate anticipation in its fixed-income approach, it builds a flexible maturity structure with heavy emphasis on reaping the benefits of credit research by seeking out underrated issues it believes might be upgraded.

The asset mix Jan. 1 was 52% bonds, 42% stocks and 6% cash.

The net gain in new tax-exempt business for 1984 was $465 million: $279 million in fixed and $186 million in equities; 63 tax-exempt clients were added.

AT&T, Federated Department Stores, Norfolk Southern and Rohm & Haas are among its clients.

All research originates in-house; 350 stocks are followed closely and 100, generally. The firm uses options.

Robert L. Kemp, president and chief executive officer, is the chief investment officer. Dugal Thomas, vice president and director of marketing, is the client contact.

Loomis, Sayles is a majority-owned affiliate of New England Mutual Life Insurance Co.

Lord, Abbett & Co.

63 Wall St., New York, N.Y. 10005, (212) 425-8720

Total assets managed	$5,331,000,000
Tax-exempt assets managed:	
Total	$2,113,000,000
Fully discretionary	$2,113,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	22
Types of accounts managed	CEG
No. of portfolio managers	8
Size of research staff	14

Lord, Abbett & Co., an equity manager, uses Graham & Dodd analysis. Holdings are generally characterized by low ratios of price to estimated trendline earnings, dividend and net asset value relative to corresponding ratios for the S&P 500.

Its fixed-income approach focuses on non-traditional management with an emphasis on lower rated and convertible issues.

The tax-exempt asset mix Jan. 1 was 92% stocks, 4% bonds and 4% cash.

The net gain in new tax-exempt business for 1984 was $248 million; one tax-exempt client was added.

Clients include Allied, AT&T, LTV and Monsanto.

Research is 90% internally generated; 200 stocks are followed closely and 350, generally.

John M. McCarthy, managing partner, is the chief investment officer. Marilyn Fee White, director of pension marketing, is the client contact.

Lotsoff Capital Management

20 N. Wacker Drive, Suite 3200, Chicago, Ill. 60606; (312) 368-1442

Total assets managed	$77,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
Minimum separate account	$5,000,000
Types of accounts managed	CG
No. of portfolio managers	3
Size of research staff	4

Lotsoff Capital Management, a fixed-income manager, uses interest rate futures and options to control the interest rate risk inherent in owning fixed-income securities.

The asset mix Jan. 1 was 82% bonds and 18% cash.

Seymour N. Lotsoff, president, is chief investment officer. Stephen K. Bossu, vice president-investment management, is client contact.

Washington Square Capital, a subsidiary of Northwestern National Life Insurance, is a partner.

Loucks, Lee & Associates

Suite 770, 602 12th Ave. S.W., Calgary, Alberta T2R 1J3; (403) 269-4871

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
U.S. assets managed	$2,000,000
International assets managed	$300,000
Tax-exempt clients	4
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Loucks, Lee & Associates Ltd., a Canadian firm, has equity and balanced capabilities.

Equities selected are tailored to the client's objectives and the times. The firm's emphasis is on absolute return and risk control.

The fixed-income approach uses interest rate anticipation and is focused on medium- and long-term trends, risk control and special features.

The asset mix Jan. 1 was 45% Canadian stocks, 30% bonds, 15% cash and 10% U.S. stocks.

One client is a pension fund that is a subsidiary of a U.S. firm.

T.H. Loucks is chief investment officer; Ian G. Purves is client contact.

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We apologize to those skeptics who think that no one investment firm can consistently beat the averages.

One firm already has.

Continental Investment Advisors.

Not only have we beaten the Shearson Lehman Government/Corporate Bond Index, we've beaten it by a significant margin.

On accounts of $100 million or more, the *Pensions and Investment Age* PIPER survey ranked us #1 for the past 1, 3, 5, *and* 10-year periods.

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For 10 years, we've achieved excellent returns on investment-grade bonds using a strategy that doesn't depend on market timing.

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When you invest with us, your portfolio is actively managed by a staff of investment professionals who originally started as investment advisors to The Life Insurance Company of Virginia. Today our people manage more than $1.2 billion in fixed-income assets, taxable and tax-exempt, for both public and private clients.

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And find out how you can beat the averages.

Again and again and again and again.

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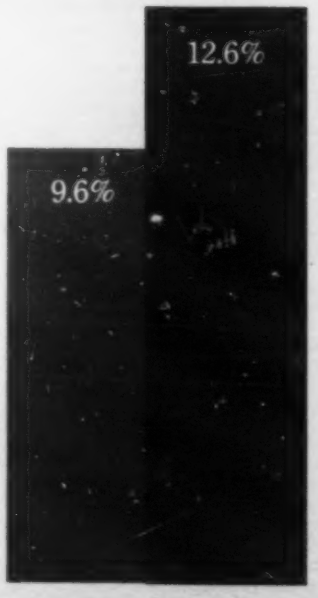
AGAIN,

10 years



A fixed-income performance comparison between the Shearson Lehman Government/Corporate Composite and Continental Investment Advisors for the period ending 12/31/84.

Lowe, Brockenbrough, Tierney & Tattersall Inc.

415 Mutual Building, Richmond, Va. 23219; (804) 643-9151

Total assets managed	$480,000,000
Tax-exempt assets managed:	
Total	$340,000,000
Fully discretionary	$340,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	38
Types of accounts managed	CEFPGJ
No. of portfolio managers	5
Size of research staff	1

Lowe, Brockenbrough, Tierney & Tattersall Inc. manages equity, fixed-income and balanced accounts.

Sector rotation is part of its equity approach. It uses industry concentration to add value, and concentrates on stocks with above-average growth factors and below-average risk factors in order to maximize returns while preserving capital.

In fixed income, it uses interest rate anticipation, and emphasizes a balance between market timing and sector selection to provide its clients real rates of return, absolute returns above money market assets and reduced volatility in the overall portfolio.

The asset mix Jan. 1 was 45% stocks, 45% bonds and 10% cash.

The net gain in new tax-exempt business for 1984 was $105 million: $90 million in fixed and $15 million in equities; 11 tax-exempt clients were added.

Fred Tattersall and Thomas Tierney, managing directors of fixed and equity investments respectively, are the chief investment officers. Charles C. Field, vice president and director of marketing, is the client contact.

Lynch & Mayer Inc.

650 Fifth Ave., New York, N.Y. 10019; (212) 246-7760

Total assets managed	$737,000,000
Tax-exempt assets managed:	
Total	$694,000,000
Fully discretionary	$694,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	24
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	7

Lynch & Mayer Inc., an equity manager, bases its approach on sector rotation.

The asset mix Jan. 1 was 78% stocks, 20% cash and 2% bonds.

The firm had a net loss of $3 million in tax-exempt business for 1984; one tax-exempt client was added.

Clients include CBS, CPC International, Florida Power & Light and Allied.

Research is 60% internally generated; 60 stocks are followed closely and 200, generally.

Eldon C. Mayer, president, is the chief investment officer. Dennis P. Lynch, vice president, is the client contact.

Affiliates include Lynch & Mayer Securities Corp., a registered broker/dealer, and Boeckh, Lynch & Mayer Inc., a fixed-income portfolio manager.

AND AGAIN,
5 years
12.5%
14.9%
AND AGAIN,
3 years
17.7%
21.8%
AND AGAIN.
1 year
15.0%
18.8%
Historical investment performance cannot be taken as prediction of future performance.

m

MacKay-Shields Financial

551 Fifth Ave., New York, N.Y. 10176; (212) 210-0400

Total assets managed	$3,551,000,000
Tax-exempt assets managed:	
Total	$3,542,000,000
Fully discretionary	$3,542,000,000
Real estate assets managed	$500,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	72
Types of accounts managed	CEPG
No. of portfolio managers	15
Size of research staff	4

MacKay-Shields Financial Corp. handles equity, fixed-income and balanced accounts.

Its equity objective is to produce annual returns greater than the S&P 500. It owns companies with internal growth rates substantially greater than inflation.

For fixed income, it combines an actively-managed core with a partial timing approach to provide returns that are competitive and consistently exceed inflation in all environments. Buy/sell disciplines are heavily emphasized.

The tax-exempt asset mix Jan. 1 was 50.6% stocks, 35% bonds, 0.3% cash and 14.1% mortgage-backed securities.

Minimum account size for separate management is $10 million for equities and balanced and $20 million for bonds.

Ralph W. Douglas and James B. Cowperthwait, managing directors, are the chief investment officers. William H. Todd, director for equities, Christina Seix, managing director for bonds, and Christopher A.H. Lewis, managing director for convertibles, are the client contacts.

The firm is an independently managed subsidiary of New York Life Insurance Co.

Madison Investment Advisors Inc.

402 Gammon Place, Madison, Wis. 53719; (608) 833-6300

Total assets managed	$88,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	$65,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	36
Types of accounts managed	CEF
No. of portfolio managers	3

Madison Investment Advisors Inc., a balanced manager, is willing to raise cash reserves to 50% to 75% during perceived market vulnerability and to practice moderately active sector rotation during periods of strength. This approach is designed to achieve low volatility portfolio results.

Its fixed-income approach uses aggressive timing through dramatic maturity reduction at strategic market peaks, with substantial cash reserves at times. This strategy is designed to compute major market moves, then reduce risk and volatility.

The asset mix Jan. 1 was 50% stocks, 23% bonds and 27% cash.

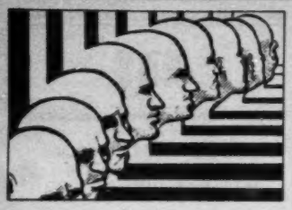
Frank E. Burgess, president, is chief investment officer and client contact.

Magten Asset Management

605 Madison Ave., New York, N.Y. 10022; (212) 759-8911

Total assets managed	$198,000,000
Tax-exempt assets managed:	
Total	$159,000,000
Fully discretionary	$159,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	3
Types of accounts managed	CFJ
No. of portfolio managers	1
Size of research staff	1

Magten Asset Management Corp., a high-yield/low-grade bond manager, identifies through detailed credit analysis the issues of companies with improved or improving financial positions. The firm says it concentrates on fundamentally misperceived issues selling at deep discounts. Additionally, it participates in leveraged buy-



outs, reorganizations and liquidations.

The tax-exempt asset mix Jan. 1 was 94% bonds, 5% cash and 1% stocks.

Clients include Mid-Jersey Trucking Industry #701 and Retirement Planning Funds of America.

Talton R. Embry, president, is chief investment officer. Barbara Justiz, manager director, is the client contact.

Managed Investments Ltd.

900 Royal Bank Building, Edmonton, Alberta T5J 1W8; (403) 423-3544

Total assets managed	$185,000,000
Tax-exempt assets managed:	
Total	$148,000,000
Fully discretionary	$148,000,000
Minimum separate account	$200,000
Tax-exempt clients	13
Types of accounts managed	CU
No. of portfolio managers	3

Managed Investments Ltd., a Canadian firm, has equity, fixed-income and balanced capabilities.

In equities, it favors low relative P/E stocks with emphasis on balance-sheet strength. It follows an equal rating strategy on companies believed to offer above-average earnings growth for secular or cyclical reasons. Its equity approach also relies on Graham & Dodd and MPT.

Fixed-income strategy is based on interest-rate anticipation; it seeks bonds that should reduce portfolio volatility and enhance total return.

The asset mix Jan. 1 was 23% Canadian stocks, 50% bonds, 20% cash and 7% U.S. stocks.

Bruce Sansom, president, is chief investment officer and client contact.

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Senior VP/Senior Trust Officer
The Mitsubishi Bank of California
800 Wilshire Boulevard,
Los Angeles, CA 90017
(213) 621-1305
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Management Asset Corp.

253 Post Road W., P.O. Box 5006, Westport, Conn. 06881; (203) 226-4766

Total assets managed	$625,009,000
Tax-exempt assets managed:	
Total	$564,000,000
Fully discretionary	$564,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	23
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Management Asset Corp., an equity manager, uses a Graham & Dodd, bottom-up stock picker approach to equity, with emphasis on sound financial structure, low price in relation to past earnings and broad diversification.

All tax-exempt assets were in stocks on Jan. 1.

The net gain in new tax-exempt business for 1984 was $175 million. Six tax-exempt clients were added.

Clients include Kidde, Raymark, Xerox and New York City Teachers.

All research originates in-house; 200 to 300 stocks are followed closely and 5,000, generally.

Leonard M. Heine Jr., president, is chief investment officer and client contact.

Manning & Napier Advisors

1 East Ave., Rochester, N.Y. 14604; (716) 325-6880

Total assets managed	$1,244,000,000
Tax-exempt assets managed:	
Total	$1,100,000,000
Fully discretionary	$1,100,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	7

Manning & Napier Advisors Inc. handles equity, fixed-income, balanced and international investments.

The firm employs a fundamental approach to equity valuations based on price/value relationships with the return on U.S. Treasuries used as a relative benchmark. Selections are not forced into present time horizons but are continually reviewed as macro conditions change.

When the risk of equity ownership is not justified by the yield spread between stocks and bonds, it invests in U.S. Treasuries and highest quality corporate bonds. Maturity is determined by the firm's macro outlook and the client's tolerance for volatility and income requirements.

The tax-exempt asset mix Jan. 1 was 60% bonds, 35% stocks and 5% cash.

William Manning, president, is the chief investment officer. William J. Napier, vice president, is the client contact.

The firm's major stockholders are also major stockholders of SIMNA Inc.

Manufacturers Hanover Investment Corp.

600 Fifth Ave., New York, N.Y. 10020; (212) 957-0760

Total assets managed	$20,420,000,000
Tax-exempt assets managed:	
Total	$18,640,000,000
Fully discretionary	$17,780,000,000
Real estate assets managed	$1,286,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	150
Types of accounts managed	CEFGJ
No. of portfolio managers	36
Size of research staff	13

Manufacturers Hanover Investment Corp. is a multiproduct manager with capabilities in equities, fixed income, balanced, real estate, venture capital, futures and options.

The primary thrust of its equity approach is to identify sectors and industries considered to be attractive investments on the basis of its economic and market projections.

Its active fixed-income management involves selecting a maturity mix appropriate to the interest rate outlook, yield curve volatility and total return variability.

On a pooled or separate basis it invests in income properties, participating mortgages, second mortgages, undeveloped land and joint ventures with developers/owners.

The tax-exempt asset mix Jan. 1 was 67% bonds, 16% stocks, 10% cash and 7% mortgages.

The firm netted $369 million in new tax-exempt business for 1984, $122 million in venture capital and $247 million in fixed income. Fourteen tax-exempt clients were added.

Clients include NYNEX, California Teachers, Iowa Public Service and AT&T.

Victor J. Melone, president, is chief investment officer. William C. Petty III, vice president, is client contact.

The firm is a wholly owned subsidiary of Manufacturers Hanover Trust Co., with assets totaling $25.7 billion.

Manufacturers National Bank of Detroit

100 Renaissance Center, 8th Floor, Detroit, Mich. 48243; (313) 222-9794

Total assets managed	$5,000,000,000
Tax-exempt assets managed:	
Total	$3,000,000,000
Fully discretionary	$780,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	1,260
Separate	70
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	10

Manufacturers National Bank of Detroit offers equity, fixed and balanced capabilities.

From a universe of consistent, high-quality growth stocks it invests in those that have earnings momentum, earnings visability, relative price strength and reasonable valuations.

It manages bonds actively, focusing on interest rate trends, trade-offs between market sectors and significant credit information.

Its real estate program involves a packaged approach, combining quality real estate investment trusts and managers of pooled real estate funds.

Of the tax-exempt assets managed Jan. 1, $2.5 billion was in commingled and $467 million in separate accounts. The asset mix was 51.5% stocks, 8.8% bonds, 39% cash, 0.2% equity real estate and 0.5% insurance policies.

Fruehauf, Harper-Grace Hospitals, Ex-Cell-O and Colt Industries are among its tax-exempt clients.

John P. Richardson, vice president and senior investment officer, is the chief investment officer. James M. Dawson, investment officer, is the client contact.

The Manufacturers Life Insurance Co.

200 Bloor Street E., Toronto, Ontario M4W 1E5; (416) 928-6467

Total assets managed	$12,009,000,000
Tax-exempt assets managed:	
Total	$1,562,000,000
Fully discretionary	$1,562,000,000
U.S. assets managed	$410,000,000
Real estate assets managed	$42,000,000
International assets managed	$100,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	35
Types of accounts managed	CEFGU
No. of portfolio managers	9

The Manufacturers Life Insurance Co., a Canadian firm, handles equity, fixed-income, balanced and real estate accounts.

In equities, its primary emphasis is on market timing. Subsequent to its market decision, it uses a combination fundamental/technical approach in sector and individual security selection.

In fixed income, interest rate anticipation is based on economic analysis. It also uses continuous active management, a view of capital appreciation and preservation and the highest quality and most liquid credits.

The tax-exempt asset mix Jan. 1 was 31% Canadian stocks, 28% bonds, 32% cash and 9% U.S. stocks. The firm had $100 million in international equities.

Of the tax-exempt assets under management, $860 million was for U.S. clients: $25 million in pooled equity funds; $5 million, fixed-income funds; and the remainder in GICs and general account funding products.

Eight separate accounts are managed for pension funds that are subsidiaries of U.S. companies.

The chief investment officers are Donald W. Parkinson, vice president-Canadian investments, and Trevor Appleby, vice president-U.S. investments.

The client contacts are Mario Richard, director, and for U.S. clients, Peter Beca, assistant vice president-pensions, at (416) 926-6903.

Marine Investment Management Co.

3 S. Old State Capitol Plaza, Suite 300, Springfield, Ill. 62701; (217) 753-0300

Total assets managed	$624,000,000
Tax-exempt assets managed:	
Total	$504,000,000
Fully discretionary	$453,000,000
Real estate assets managed	$63,000,000
International assets managed	$4,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	11
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	2

Marine Investment Management Co., primarily a fixed-income manager, pursues a Graham & Dodd, contrarian approach to equity. It actively seeks undervalued companies with sound financial structure, strong underlying asset value, sound management, manageable debt and a growing stream of dividends.

Using interest rate anticipation, its fixed-income approach is a Graham & Dodd carry-over. Analyzing the economic environment to properly position portfolios for maturity, it actively manages assets within a sector to take advantage of abnormalities present in the market.

The tax-exempt asset mix Jan. 1 was 72% bonds, 12% mortgage-backed securities, 10% cash and 6% stocks.

Clients include Illinois Teachers, Hospital Sisters Health System, Grand Lodge and Marine Bank.

Michael J. Provines, executive vice president, is the chief investment officer and client contact.

The firm is a subsidiary of Marine Corp., which has assets totaling $1.4 billion.

Marine Midland Bank

250 Park Ave., New York, N.Y. 10177; (212) 949-6661

Total assets managed	$4,600,000,000
Tax-exempt assets managed:	
Total	$1,338,000,000
Fully discretionary	$1,338,000,000
International assets managed	$11,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	223
Separate	29
Types of accounts managed	CF
No. of portfolio managers	6
Size of research staff	10

Marine Midland Bank offers equity, fixed, balanced and international capabilities.

Its equity style relies on Graham & Dodd analysis.

For fixed income, interest rate anticipation is combined with sector analysis.

Of the tax-exempt assets Jan. 1, $437 million was in commingled and $899 million in separate accounts.

The asset mix was 27.4% stocks, 31.6% bonds and 41% cash.

The bank had a net loss of $275 million in tax-exempt business last year; it gained 11 tax-exempt clients.

Clients include Dunlop Tire & Rubber, Niagara Mohawk, Ingersoll-Rand and Local 202.

Hiram F. Moody Jr., executive vice president, is chief investment officer. Edward D. Higgins, administrative vice president, is client contact.

Wardley-Marine International Investment is a subsidiary.

Maritime Asset Management

1749-C N.E. 26th St., Fort Lauderdale, Fla. 33305; (305) 563-6827

Total assets managed	$75,000,000
Tax-exempt assets managed:	
Total	$75,000,000
Fully discretionary	$75,000,000
Real estate assets managed	$7,000,000
Minimum separate account	$500,000
Tax-exempt clients	9
Types of accounts managed	CJ
No. of portfolio managers	3
Size of research staff	10

Maritime Asset Management, a balanced manager, combines Graham & Dodd and market timing in an insider's approach to equity.

The tax-exempt asset mix Jan. 1 was 65% stocks, 15% cash, 10% bonds and 10% mortgages.

Larry Unterbrink is the chief investment officer. John L. Freeman is the client contact.

Maritime Life Assurance

P.O. Box 1030, Nova Scotia B3J 2X5; (902) 453-1780

Total assets managed	$1,353,000,000
Tax-exempt assets managed:	
Total	$200,000,000
U.S. assets managed	$29,000,000
Real estate assets managed	$10,000,000
International assets managed	$5,000,000
Minimum separate account	$5,000,000
Types of accounts managed	CGU
No. of portfolio managers	11
Size of research staff	6

As of Jan. 1, the approximate mix of tax-exempt assets managed by The Maritime Life Assurance Co., a Canadian firm, is an equity and fixed-income manager.

In equities, it uses growth stocks, market timing and small-cap stocks. The firm has contracted with external specialist managers whose combined styles are quantitatively matched to maximum expected returns at a minimum level of risk.

For fixed-income management, the firm emphasizes interest-rate anticipation. It has contracted with an external specialist manager to manage its clients' bond components.

The asset mix Jan. 1 was 50% Canadian stocks, 40% bonds and 10% U.S. stocks.

Kenneth A. Mader, senior vice president, is the chief investment officer; Steven Fesmire, manager-group pensions, is the client contact.

Maritime Life is a wholly owned subsidiary of John Hancock Mutual Life Insurance Co., Boston.

Markston International Inc.

404 Fifth Ave., 6th Floor, New York, N.Y. 10018; (212) 947-5450

Total assets managed	$253,000,000
Tax-exempt assets managed:	
Total	$133,000,000
Fully discretionary	$133,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	2

Markston International, an equity manager, combines low P/E and Graham & Dodd analysis in its equity approach.

The tax-exempt asset mix Jan. 1 was 88% stocks, 11% cash and 1% bonds. The firm had $600,000 invested in international equity.

The net gain in tax-exempt business for 1984 was $10 million; one tax-exempt client was added.

Mutual Benefit Life Insurance and CPC International are its clients.

John R. Stone and Michael J. Mullarkey, chief investment officers, are the client contacts.

Mutual Benefit Life, with $7 billion total assets, is the parent company.

Marquette Capital Management Corp.

520 Marquette Ave., P.O. Box 1039, Minneapolis, Minn. 55480; (612) 332-5335

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$50,000,000
Minimum separate account	$50,000
Tax-exempt clients	125
Types of accounts managed	CFGJ
No. of portfolio managers	3
Size of research staff	3

Marquette Capital Management Corp., a balanced manager, has three primary guiding principles: respect for capital; competition between stocks, bonds and cash; and use of both fundamental and technical analysis as a basis for implementing decisions. The investment philosophy is balanced without being rigid.

The tax-exempt asset mix Jan. 1 was 60% bonds, 20% stocks, 10% cash, 5% equity real estate and 5% mortgage-backed securities.

The net gain in tax-exempt business for 1984 totaled $5 million: $3.8 million in fixed; $1 million in equities; and $250,000 in real estate; 15 tax-exempt clients were added.

Duluth Clinic, MEI, Bank Shares and United Hardware Distribution are among its clients.

Richard B. Hume, president, is chief investment officer and client contact.

The firm is a wholly owned subsidiary of Marquette Bank, Minneapolis, which has $850 million in assets.

Maryland National Bank

10 Light St., Baltimore, Md. 21203; (301) 244-1443

Total assets managed	$1,746,000,000
Tax-exempt assets managed:	
Total	$220,000,000
Fully discretionary	$220,000,000
Real estate assets managed	$2,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	325
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	4

Maryland National Bank, an equity, fixed-income and balanced manager, uses fundamental economic and financial analyses with a balanced investment approach using quality securities, asset allocation, economic timing, diversification and valuation models to achieve a predetermined investment objective.

For fixed income, it takes a balanced approach using interest rate forecasting, maturity adjustment, sector and security analysis, arbitrage and computer simulation to increase total return within a predetermined investment objective.

Of the tax-exempt assets Jan. 1, $129 million were in commingled and $91 million in separate accounts. The asset mix was 13% stocks, 15% bonds, 70% cash and 2% equity real estate.

Baltimore Life Insurance, Duron, Rite-Aid and Affiliated Teamsters are among its tax-exempt clients.

Research is 25% internally generated; 103 stocks are followed closely and 200, generally.

Howard M. Weiss, vice president, is the chief investment officer. Gordon R. Boardway, employee benefit trust officer, is the client contact.

Wm. Mason & Co. Inc.

22801 Ventura Blvd., #115, Woodland Hills, Calif. 91364; (800) 435-7331

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$75,000,000
Fully discretionary	$75,000,000
No. of portfolio managers	3

Wm. Mason & Co. Inc. employs market timing with 17-year-old proprietary, statistical, trend-following system. It also times bond and gold mutual funds.

The firm uses options. Stock index futures provide a low leveraged index fund. By raising the beta to 1.5, average profits can be obtained in both up and down markets.

William F. Mason, president, is the chief investment officer. George N. Olson, regional sales manager, is the client contact.

Massachusetts Financial Services Co.

200 Berkeley St., Boston, Mass. 02116; (617) 423-3500

Total assets managed	$8,135,000,000
Tax-exempt assets managed:	
Total	$2,355,000,000
Fully discretionary	$1,798,000,000
Real estate assets managed	$261,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	26
Types of accounts managed	CFG
No. of portfolio managers	17
Size of research staff	15

Massachusetts Financial Services Co. handles equity, fixed-income and balanced accounts.

It seeks superior equity returns by capitalizing on major return differentials between industry groups. It rotates sector and industry concentration where relative price momentum and prospective earnings potential look the most dynamic.

For fixed-income, yield curve and interest rate analyses determine maturity and sector positions of actively managed high-quality portfolios. Limited maturity, cash-based, high income, dedicated and municpal bond accounts are offered.

The tax-exempt asset mix Jan. 1 was 52.8% bonds, 25.6% stocks, 11.1% mortgage-backed securities and 10.5% cash.

Clients include Alcoa, Los Angeles County, NYNEX and Virginia.

A. Keith Brodkin, senior executive vice president and director of the investment counsel division, is the chief investment officer. Dana M. Hastings, vice president, is the client contact.

The firm is an autonomous, wholly owned subsidiary of Sun Life Assurance Co., Canada.

MassCo Investment Management Corp.

99 High St., Boston, Mass. 02110; (617) 338-3609

Total assets managed	$303,000,000
Tax-exempt assets managed:	
Total	$130,000,000
Fully discretionary	$130,000,000
Minimum separate account	$500,000
Tax-exempt clients	92
Types of accounts managed	CEFGJ
No. of portfolio managers	9

MassCo Investment Management Corp., a balanced manager, combines low P/E, sector rotation, Graham & Dodd and quantitative analysis with market timing in its bottom-up, contrarian equity philosophy. With this mixture of fundamental, technical and quantitative approaches it creates value-oriented portfolios. Active asset allocation uses bonds or cash where income is sought or improved risk-adjusted returns are expected.

Its bond strategy is based on current level and trend of interest rates, forces impacting credit markets and yield and quality spread analysis. Quality is limited to investment-grade issues with average maturities of 10 years or less.

The tax-exempt asset mix Jan. 1 was 65% stocks, 30% bonds and 5% cash.

Rhode Island Hospital, Trinity Church (Boston), Elizabeth Gamble Deaconess (Cincinnati) and Concord Hospital (New Hampshire) are among its clients.

George F. Wilkins Jr., senior vice president, is the chief investment officer. Philip M. Byrne, president, and Robert A. Shann, vice president and director of marketing, are the client contacts.

The firm is a subsidiary of the Keystone Massachusetts Group Inc., which has $7 billion in assets.

Massachusetts Mutual Life Insurance Co.

1295 State St., Springfield, Mass. 01111; (413) 788-8411

Total assets managed	$13,449,000,000
Tax-exempt assets managed:	
Total	$5,050,000,000
Fully discretionary	$5,050,000,000
Real estate assets managed	$45,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Pooled	800
Individual separate	6
GICs	500
Other	2,035
Types of accounts managed	CGJ
No. of portfolio managers	7
Size of research staff	30

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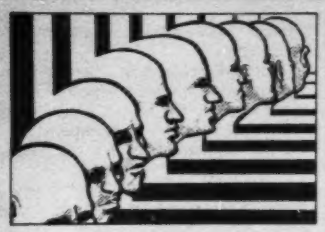


Massachusetts Mutual Life Insurance Co. offers equity, fixed-income, balanced and real estate capabilities.

For equity investing, it uses an approach that features low P/E and small-capitalization stocks and Graham & Dodd analysis. It seeks companies with superior financial characteristics selling at discounted valuation levels.

Massachusetts Mutual's fixed-income approach combines interest rate anticipation and sector analysis. The shape of the yield curve in conjunction with yield spread analysis determines the quality and maturity of the portfolio.

For real estate, the insurer constructs a portfolio of quality real estate well diversified by property type and location. A balance between current income and long-term capital appreciation is emphasized.

Of the tax-exempt assets under management Jan. 1, $690 million was in pooled separate accounts and $174 million in individual separate accounts. The asset mix of those assets was 75.3% stocks, 5% bonds, 14.5% cash, and 5.2% equity real estate.

Tax-exempt clients had $1.4 billion in the company's GICs.

The net gain in new tax-exempt business for 1984 was $900 million; the insurer added 557 tax-exempt clients.

Richard G. Dooley, executive vice president, is the chief investment officer. Leo J. Polverini Jr., second vice president, is the client contact.

Mawer & Associates

Suite 320, 717 Seventh Ave. S.W., Calgary, Alberta T2P 0Z3; (403) 262-4673

Total assets managed	$85,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$22,000,000
U.S. assets managed	$9,000,000
Tax-exempt clients	8
Types of accounts managed	CEF
No. of portfolio managers	3

Mawer & Associates, a Canadian firm, is a balanced manager.

In equities, it uses low P/E stocks and Graham & Dodd analysis. The firm searches for value, consisting of return, clean balance sheets, cash-generating companies with healthy sustainable return on equity earnings that yield greater than market.

In fixed income, the firm invests in high-quality marketable bonds, with the term being dependent on the interest rate forecast. The commitment is dependent on expected returns from bonds relative to stocks.

The asset mix Jan. 1 was 25% Canadian stocks, 55% bonds, 10% cash and 10% U.S. stocks.

C.N. Mawer, president, is the chief investment officer; G.A. Cooper-Key and L.F. Pullen, vice presidents, are the client contacts.

McBryan, Malone & Russell

Park Road Plaza, Box 144A R.D. #1, Reading, Pa. 19607; (215) 777-8110

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$55,000,000
Fully discretionary	$55,000,000
Minimum separate account	$250,000
Tax-exempt clients	90
Types of accounts managed	CEFGJ
No. of portfolio managers	3

McBryan, Malone & Russell handles equity and balanced accounts, and calls itself a hedger.

It buys stocks and sells call options. For fixed income, it buys Treasury bills and sells put options on stocks it would like to purchase.

The asset mix Jan. 1 was 70% stocks and 30% cash.

Donald J. McBryan is the chief investment officer. M. Kevin Malone is the client contact.

McCowan Associates Inc.

70 Pine St., New York, N.Y. 10270; (212) 480-8711

Total assets managed	$1,220,000,000
Tax-exempt assets managed:	
Total	$1,090,000,000
Fully discretionary	$1,090,000,000
International assets managed	$8,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	32
Types of accounts managed	CEFJ
No. of portfolio managers	5
Size of research staff	3

McCowan Associates Inc. identifies and invests in businesses with prospects for superior, sustainable growth. Through good timing, it achieves investment results in excess of that growth on a long-term basis.

It seeks to achieve consistent positive returns and limit risk in its fixed-income investments. Interest rate forecast determines maturity term structure, which can occasionally be very long or very short. Security selection emphasizes high quality and marketability.

The tax-exempt asset mix Jan. 1 was 80% stocks, 15% cash and 5% bonds.

The net gain in tax-exempt business for 1984 totaled $140 million: $135 million in equities and $5 million in fixed; five tax-exempt clients were added.

NYNEX, Pacific Gas & Electric, Kress Foundation and Carnegie Foundation are among its clients.

Bruce J. McCowan, principal and chairman, is the chief investment officer. Paul F. Pfeiffer, principal, is the client contact.

Goldman Sachs & Co. is a 20%, non-voting owner of the firm.

McCullough, Andrews & Cappiello Inc.

235 Montgomery St., San Francisco, Calif. 94104; (415) 956-8700

Total assets managed	$360,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$300,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	50
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	1

McCullough, Andrews & Cappiello Inc. bases its equity strategy on maintenance of buying power through growth of earnings and dividends on relatively lower P/E values purchased on a timely basis at the lower end of their relative trading ranges.

Its fixed-income portfolio investments are based on the interest rate outlook nearer term; liquidity and quality are given top considerations. Identification of major trends is paramount.

The tax-exempt asset mix Jan. 1 was 60% stocks, 30% bonds and 10% cash.

Clients include University of Santa Clara, Oakland Police & Fire, Pacific Stock Exchange and St. Mary's College.

Robert F. McCullough, chairman, is chief investment officer and client contact.

McGlinn Capital Management Inc.

850 N. Wyomissing Blvd., Wyomissing, Pa. 19610; (215) 374-5125

Total assets managed	$1,100,000,000
Tax-exempt assets managed:	
Total	$940,000,000
Fully discretionary	$940,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	118
Types of accounts managed	CEFG
No. of portfolio managers	6

McGlinn Capital Management Inc., a balanced manager, takes a market-timing approach to equity, focusing on higher-yielding, lower P/E stocks. The level of equity exposure is its primary concern, and it will aggressively increase or decrease equities given perceived level of risk in market.

With an interest rate anticipation approach to fixed income, it concentrates on the one- to five-year sector of the government market. If interest rate risk becomes evident, it will raise cash aggressively.

Carpenter Technology, Premier Industrial, TWA and VF Corp. are among its clients.

Research is 75% internally generated; 150 stocks are followed closely and 300, generally.

Terrence J. McGlinn, president, is the chief investment officer. Benedict E. Capaldi Jr., senior vice president, is the client contact.

C.S. McKee & Co. Inc.

2900 U.S. Steel Building, Pittsburgh, Pa. 15219; (412) 566-1234

Total assets managed	$625,000,000
Tax-exempt assets managed:	
Total	$625,000,000
Fully discretionary	$565,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	54
Types of accounts managed	CEFGJ
No. of portfolio managers	5

C.S. McKee & Co. Inc., a fixed-income and balanced manager, is risk-averse and opportunistic, willing to make shifts among bonds, equities and cash.

Its low P/E stock approach is value-oriented.

The firm enhances its fixed-income results by identifying changes in interest rates and varying maturities accordingly.

Value-oriented, it also makes sector and quality shifts to improve results.

The tax-exempt asset mix Jan. 1 was 45% bonds, 40% stocks and 15% cash.

Clients include Allegheny County, BVHL Foundation, Electric Materials and West Virginia Laborers.

Charles E. Jacobs, chairman of the board, is the chief investment officer. James H. Hanes, president, is the client contact.

McMillion/Eubanks Capital Management Inc.

P.O. Box 21447, Greensboro, N.C. 27420; (919) 274-4876

Total assets managed	$73,000,000
Tax-exempt assets managed:	
Total	$36,000,000
Fully discretionary	$36,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	29
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	2

McMillion/Eubanks Capital Management Inc., an equity and balanced manager, utilizes traditional fundamental analysis plus valuation techniques, earnings momentum model and technical analysis to isolate relative value among a large universe of stocks.

For fixed income, it concentrates on identifying high quality, underpriced instruments that fit the desired duration and yield curve locations sought for the accounts.

The tax-exempt asset mix Jan. 1 was 55% stocks, 35% bonds and 10% cash.

P. Lawrence Wingate, senior portfolio manager and director of operations, is the chief investment officer. Mr. Wingate and Robert C. Eubanks Jr., president, are the client contacts.

McMorgan & Co.

24 California St., Suite 500, San Francisco, Calif. 94111; (415) 956-3336

Tax-exempt assets managed:	
Total	$2,500,000,000
Fully discretionary	$2,500,000,000

McMorgan & Co. manages equity, fixed-income, balanced and real estate accounts.

Low P/E ratios and sector rotation are key in its equity investments, while interest rate anticipation and sector analysis drive its fixed-income approach.

The tax-exempt asset mix Jan. 1 was 40% fixed, 30% stocks and 30% equity real estate and mortgages.

William O. Sumner is the client contact.

The Robert A. McNeil Corp.

2855 Campus Drive, San Mateo, Calif. 94403; (415) 572-0660

Total assets managed	$1,292,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$8,000,000
Real estate assets managed	$8,000,000
Minimum separate account	$10,000
Tax-exempt clients	378
Types of accounts managed	C

The Robert A. McNeil Corp., a real estate manager, invests primarily in existing commercial properties in areas of projected economic growth throughout the United States on either an all-cash or leveraged basis.

Paul E. Dunn, senior vice president, is the chief investment officer and the client contact.

John McStay Investment Counsel

5949 Sherry Lane, Suite 1560, Dallas, Texas 75225; (214) 750-4932

Total assets managed	$125,000,000
Tax-exempt assets managed:	
Total	$125,000,000
Fully discretionary	$125,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	5
Types of accounts managed	CF
No. of portfolio managers	4

John McStay Investment Counsel, an equity manager, employs a rotational, theme-oriented equity approach combining sector rotation with growth stock. Primary, fundamental research is focused on companies with relative price and earnings momentum, resulting in portfolios with growth characteristics.

For fixed income, it employs interest rate anticipation. The attraction of fixed securities depends on the real rate of return on government bonds and the risk premium available in common stocks, both absolutely and relative to historical norms.

The tax-exempt asset mix Jan. 1 was 90% stocks and 10% cash.

The net gain in tax-exempt business for 1984 was $100 million for equities.

John McStay, Walt Adams, Tom Musick and Wayne Willems are the investment officers. Nancy Smith is the client contact.

R. Meeder & Associates Inc.

6000 Memorial Drive, Dublin, Ohio 43017; (614) 766-7000

Total assets managed	$320,000,000
Tax-exempt assets managed:	
Total	$248,000,000
Fully discretionary	$244,000,000
Tax-exempt clients	195
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	3

For R. Meeder & Associates Inc., asset mix, based on the evaluation of risk in the overall stock market, is the most important decision. It believes a flexible approach is necessary to achieve successful results; therefore, cash reserves can reach 100%.

It uses interest rate anticipation in fixed income.

The tax-exempt asset mix Jan. 1 was 95% stocks and 5% bonds.

The net gain in tax-exempt business totaled $97.6 million for 1984, $90.1 million for equities and $7.5 million for fixed; 13 tax-exempt clients were added.

Columbus & Southern Ohio Electric Co., National Service Industries, Grant Hospital and Big Bear Stores are among its clients.

Philip A. Voelker, vice president-portfolio management, is chief investment officer. Dennis F. Dicke, vice president-marketing, is client contact.

Ogle & Waters (actuarial), Atlanta, Ga., and The Consulting Group Inc., Orlando, Fla., are affiliates.

Mellon Bank

1 Mellon Bank Center, Pittsburgh, Pa. 15258; (412) 234-3678

Total assets managed	$20,596,000,000
Tax-exempt assets managed:	
Total	$10,282,000,000
Fully discretionary	$10,282,000,000
Minimum separate account	$3,000,000
Tax-exempt clients:	
Commingled	150
Separate	163
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	17

Mellon Bank offers equity, fixed-income, balanced, international and real estate investment management.

The bank's active equity management process emphasizes the use of proprietary stock selection methodologies and the rigorous control of investment risk. Its objective is to produce consistent incremental return with limited risk.

The fixed-income approach emphasizes the exploitation of market inefficiencies in the term structure of interest rates and pricing of individual issues, quality and industry sectors, while rigorously controlling portfolio risk.

The firm tailors each real estate portfolio to specific client objectives. Equity and debt real estate are used. Two pooled funds are offered: one for general use and one for Michigan corporate and public funds.

Of the tax-exempt assets Jan. 1, $227 million was in commingled and $8.75 billion in separate accounts. The asset mix was 35% stocks, 55% bonds and 10% cash.

GM, Alcoa, Lockheed and H.J. Heinz are among its clients.

Charles M. Kelso Jr. is senior vice president and chief investment officer. William F. Adam, vice president, is the client contact.

The bank's subsidiaries are Mellon

25 largest Real Estate Managers ranked by equity real estate assets

Rank	Managers	($ millions)
1.	Prudential Asset Mgmt.	$5,873
2.	Equitable Real Estate Investment Mgmt.	3,700
3.	Corporate Property Investors	2,200
4.	Aetna Life and Casualty Co.	1,710
5.	Heitman Advisory Corp.	1,700
6.	LaSalle Advisors	1,450
7.	Aldrich Eastman & Walton	1,300
8.	JMB Institutional Realty Corp.	1,300
9.	F.I.A. Associates	1,273
10.	Chase Investors Mgmt.	1,100
11.	Copley Real Estate Advisors	1,009
12.	Eastdil Realty	897
13.	The Boston Co.	892
14.	J.P. Morgan Investment Mgmt. Inc.	823
15.	Landauer Advisors Inc.	804
16.	CIGNA	801
17.	First Chicago Investment Advisors	731
18.	Coldwell Banker Capital Mgmt.	700
19.	The John Hancock Cos.	694
20.	Wachovia Bank & Trust Co., N.A.	570
21.	Metropolitan Life Insurance Co.	563
22.	Security Capital Real Estate Corp.	552
23.	Schroeder Real Estate Assocs.	550
24.	LB Real Estate	540
25.	The Travelers Cos.	509
	TOTAL	$32,241

Bank East, Philadelphia; Franklin Portfolio Associates, Boston; Mellon Capital Management, San Francisco, which handles equity index management; Real Estate Investment Management Group, New York, which oversees the real estate investments; and Mellon-Pictet Ltd., London, which handles international accounts.

Mellon Capital Management

595 Market St., Suite 2900, San Francisco, Calif. 94105; (415) 546-6056

Total assets managed	$2,900,000,000
Tax-exempt assets managed:	
Total	$2,900,000,000
Fully discretionary	$2,900,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	28
Types of accounts managed	CEG
No. of portfolio managers	4
Size of research staff	4

Mellon Capital Management is an equity manager, featuring a passive approach using quantitative analysis.

Its fixed-income approach is also passive.

The tax-exempt asset mix Jan. 1 was 86% stocks and 14% bonds.

The net gain in new tax-exempt business for 1984 was $1.4 billion. The firm added 25 tax-exempt clients.

Clients include New York City Teachers, Texaco, Delaware and General Mills.

Thomas F. Loeb, president and chief executive officer, is the chief investment officer. Cary Martin Zellerbach, senior vice president, is the client contact.

Mellon-Pictet International Management Ltd.

Cutlers Gardens, 5 Devonshire Square, London, England EC2M 4LD; (011) 441-283-7471

Total assets managed	$368,000,000
Tax-exempt assets managed:	
Total	$136,000,000
Fully discretionary	$136,000,000
International assets managed	$136,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	9
Types of accounts managed	CF
No. of portfolio managers	4
Size of research staff	1

Mellon-Pictet International Management Ltd., an international manager, actively moves assets among alternative markets and currencies.

For equity, it actively concentrates holdings in sectors, industries and individual issues having superior expected return and acceptable risk, based on fundamental research.

For fixed income, it moves actively along the yield curve in every market based on extensive research and looking for the highest risk-adjusted rate of return.

The asset mix Jan. 1 was 95% stocks and 5% cash.

Dart & Kraft, General Motors, Glenmede Trust and Honeywell are among its tax-exempt clients.

Dan H. Blanks, president, is the chief investment officer. Rod Hearn, vice president, is the client contact.

The firm is jointly owned by Mellon Bank and Pictet & Cie.

Mellon Real Estate Investment Management

551 Madison Ave., New York, N.Y. 10022; (212) 702-4049

Total assets managed	$700,000,000
Tax-exempt assets managed:	
Total	$700,000,000
Fully discretionary	$700,000,000
Real estate assets managed	$700,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	CG

Mellon Real Estate Investment Management Corp., a real estate manager, designs portfolios to meet the specific needs of each client. Investing in both equity (direct ownership) and debt (mortgages), it also offers two closed-end funds: one for general investment in direct equity and convertible mortgage investments and one for direct ownership mortgages in Michigan real estate by Michigan corporate and public retirement systems.

The tax-exempt asset mix Jan. 1 was 46% equity real estate, 40% mortgages and 14% hybrid debt.

Clients include Westinghouse, Borg-Warner, Detroit Policemen & Firemen and city of Detroit.

James T. Foran, executive vice president, is the chief investment officer. Karin E. Shewer, vice president, is the client contact.

The firm is a wholly owned subsidiary of the Mellon Bank Corp., whose assets total $27 billion.

L.J. Melody & Co.

1 Riverway, Suite 1850, Houston, Texas 77056; (713) 877-1187

Total assets managed	$1,212,000,000
Tax-exempt assets managed:	
Total	$239,000,000
Real estate assets managed	$239,000,000
Tax-exempt clients	4
Types of accounts managed	CG
No. of portfolio managers	8
Size of research staff	3

L.J. Melody & Co. seeks high-grade, institutional quality real estate for its clients, stressing the importance of location, market conditions, development expertise and management expertise.

The net gain in tax-exempt business for 1984 was $127 million. Two tax-exempt clients were added.

Clients include Texas Teachers and Pennsylvania School Employees.

Lawrence J. Melody, president, is the chief investment officer and client contact.

Mercantile Trust Co.

P.O. Box 387, St. Louis, Mo. 63166; (314) 425-2603

Total assets managed	$4,500,000,000
Tax-exempt assets managed:	
Total	$2,600,000,000
Fully discretionary	$2,600,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	130
Separate	250
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	10

Mercantile Trust Co. offers equity, fixed-income, balanced and real estate capabilities.

Anticipated economic and market conditions determine the most attractive opportunities among equity, fixed and cash investments.

Its value-oriented equity approach uses sector rotation. The fixed-income style focuses on interest rate anticipation and sector comparisons.

Its commingled real estate fund invests in quality properties providing a stable current return, opportunites for appreciation and income growth. Diversification is by property location and type.

Of the tax-exempt assets Jan. 1, $170 million was in commingled and $2.4 billion in separate accounts. The asset mix was 45% stocks, 20% bonds, 15% cash, 2% equity real estate and 18% mortgage-backed securities.

Clients include Bell Atlantic, Southwestern Bell, Ernst & Whinney and St. Louis Public Schools.

Research is 75% internally generated; 300 stocks are followed closely and 300, generally.

John H. Blixen II, senior vice president, is the chief investment officer. Edmund J. Thimme Jr., senior vice president, is the client contact.

Mercantile-Safe Deposit & Trust Co.

2 Hopkins Plaza, Baltimore, Md. 21201; (301) 237-5629

Total assets managed	$3,623,000,000
Tax-exempt assets managed:	
Total	$1,937,000,000
Fully discretionary	$1,763,000,000
Minimum separate account	$3,000,000
Tax-exempt clients:	
Commingled	300
Separate	97
Types of accounts managed	CEFG
No. of portfolio managers	8
Size of research staff	11

Mercantile-Safe Deposit & Trust Co., an equity, fixed-income and balanced manager, takes a value-oriented equity approach emphasizing thorough fundamental and quantitative analysis.

This moderate market timer's fixed-income discipline is based on the inherently cyclical nature of interest rates, blending strong quantitative analysis with fundamental credit work to identify and control risk.

Of the tax-exempt assets managed

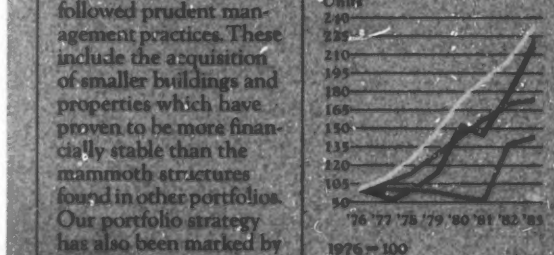
Reap from tall buildings in a single bound.

ERA, our open-end Equity Real Estate Account, offers any number of mighty appealing features. This John Hancock pension investment combines diversification, a risk-controlled investment strategy and an attractive rate of return.

ERA has consistently followed prudent management practices. These include the acquisition of smaller buildings and properties which have proven to be more financially stable than the mammoth structures found in other portfolios. Our portfolio strategy has also been marked by minimal leverage and little or no initial leasing or development risk.

ERA properties are diversified in several ways. They range from thriving shopping centers to multi-storied office structures. Industrial, warehouse and R&D buildings are a major part of our portfolio which also includes selected hotels and apartment complexes. Further diversification is achieved geographically, as well as by property value, age and lease expiration.

ERA Growth vs Other Indices



*Compiled by John Hancock's Mortgage and Real Estate Department. Based on Units as of December 31, 1983.

We emphasize acquisition of properties with solid income returns. ERA also practices an on-going plan of maintenance directed at adding value by preserving and improving the qualities of the properties. Local managing agents are closely monitored and those not meeting expectations are replaced. And when investor interest warrants it, we capitalize on our holdings through a program of property sales.

We believe this comprehensive approach makes good sense. The facts bear it out. In the face of many recession-related problems, the account's strategy has continued to deliver the satisfactory returns expected. The chart shown here traces our growth versus other leading indicators.

For over 100 years, John Hancock has successfully built a reputation as a respected manager of real estate investments. ERA is the latest evidence of this capability. Our annual report and latest quarterly statement will tell you more.

For your copies, contact your regional John Hancock Pension Sales Office. Or call Donald E. Morrison, Second Vice President, at (617) 421-4258. He'll provide a more comprehensive look before you reap.

ERA is a John Hancock pension investment opportunity for qualified retirement funds.

John Hancock

Jan. 1, $592 million was in commingled and $1,171 million in separate accounts. The asset mix that date was 40% stocks, 30% bonds and 30% cash.

The firm netted $65 million in new tax-exempt business for 1984; six tax-exempt clients were added.

Retail Store Employees of Maryland and May Stores Foundation are among its tax-exempt clients.

Brian B. Topping, vice chairman of the board, is the chief investment officer. Lee Ann Abato, marketing representative, is the client contact.

Mercator Asset Management

Paragon Center, Suite 1210, 2400 E. Commercial Blvd., Fort Lauderdale, Fla. 33308; (305) 771-9660

Total assets managed	$50,000,000
Minimum separate account	$10,000,000
No. of portfolio analysts	4

Mercator Asset Management Inc., a global equity manager, was established April 1.

It invests globally in undervalued stocks that have strong long-term fundamentals. Primary emphasis is on stock selection; country and currency selections are secondary.

John G. Thompson, senior managing director, is the chief investment officer. Michael A. Williams, managing director, is the client contact.

The firm is a wholly owned subsidiary of The Prudential Insurance Co. of America.

Merchants Investment Counseling Inc.

1 Merchants Plaza, 838 E. Indianapolis, Ind. 46204; (317) 267-3731

Total assets managed	$389,000,000
Tax-exempt assets managed:	
Total	$280,000,000
Fully discretionary	$280,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	400
Separate	43
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	1

Merchants Investment Counseling Inc. offers equity, fixed-income and balanced capabilities.

The bank uses a bottom-up equity approach emphasizing earnings momentum and earnings expectations.

Its bond investments are designed to provide high current income and principal stability. It emphasizes high-quality bonds at intermediate maturities.

Of the tax-exempt assets Jan. 1, $26 million was in commingled and $234 million in separate accounts. The asset mix was 40% stocks, 28% bonds, 30% cash and 2% real estate.

Quaker Oats, Northern Indiana Public Service, Indiana Electrical Workers Union and Indiana Statewide REMC are among its clients.

Gregory S. Huning, president, is the chief investment officer. Susan S. Thomas, vice president, is the client contact.

Merchants National Bank

222 Second Ave. S.E., Cedar Rapids, Iowa 52402; (319) 398-4224

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$[illegible],000,000
Fully discretionary	$120,000,000
Types of accounts managed	CF

Merchant's National Bank offers equity, fixed income and balanced capabilities.

Its fixed-income approach is passive.

The asset mix Jan. 1 was 40% stocks, 50% bonds and 10% cash.

Lowell Schroeder, trust investment officer, is the chief investment officer. Jeffrey E. Kalden, employee benefit development, is the client contact.

Merchants National Bank of Muncie

P.O. Box 752, Muncie, Ind. 47305; (317) 747-1578

Total assets managed	$255,000,000
Tax-exempt assets managed:	
Total	$114,000,000
Fully discretionary	$70,000,000
Real estate assets managed	$1,000,000
Tax-exempt accounts:	
Commingled	45
Separate	20
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

Merchants National Bank of Muncie offers equity, fixed and balanced capabilities.

The bank adheres to a top-down equity approach using several valuation techniques to identify solid, fundamentally strong companies temporarily out of favor and thus representing good value.

Its semipassive fixed-income approach concentrates on the intermediate markets (two to 10 years). It does some sector swapping and anticipates rates by moving the average bond maturity from three to seven years.

It uses open-end equity real estate funds chosen from a screen of publicly available funds.

Of the total tax-exempt assets Jan. 1, $6 million was in commingled and $108 million in separate accounts. The asset mix was 45% stocks, 48% bonds, 5% cash and 2% equity real estate.

James M. Bernard, vice president and manager of trust-investments, is the chief investment officer. Gerald Bartlett, vice president and employee benefit officer, is the client contact.

Merganser Capital Management Corp.

575 Technology Square, Cambridge, Mass. 02139; (617) 494-1000

Total assets managed	$490,000,000
Tax-exempt assets managed:	
Total	$340,000,000
Fully discretionary	$340,000,000
Real estate assets managed	$105,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	3

Fixed-income manager Merganser Capital Management's objective for its active fixed-income management is to consistently win over inflation. It takes a conservative perspective, emphasizes capital preservation and follows a value-oriented approach. Sector analysis seeks market segments underpriced for structural reasons, e.g., analytical complexity.

The firm's tax-exempt asset mix Jan. 1 was 34% floating rate securities, 31% mortgage-backed securities, 28% cash and 7% bonds.

Polaroid and PMC are its two tax-exempt clients.

Edward M. Safran, president, is chief investment officer. John Ciarleglio III, vice president, is client contact.

The firm, a wholly owned subsidiary of Polaroid Corp., is the outgrowth of its investment team's fixed-income management of Polaroid's retirement assets.

Meridian Asset Management

P.O. Box 2000, Valley Forge, Pa., 19482; (215) 854-3080

Total assets managed	$1,800,000,000
Tax-exempt assets managed:	
Total	$685,000,000
Fully discretionary	$685,000,000
Real estate assets managed	$700,000
Minimum separate account	$1,000,000
Tax-exempt clients	1,300
Types of accounts managed	CEGJ
No. of portfolio managers	10
Size of research staff	3

Meridian Asset Management Inc. handles equity, fixed-income, balanced and real estate investments.

The firm takes a basic, value-oriented fundamental approach to equity, combining low P/E and sector rotation. It believes performance of various market segments will be directly correlated to various stages in the business cycle.

It believes longer term cyclical trends in interest rates correlate with various stages in the business cycle. Sector analysis provides its fixed-income approach with a comparative advantage by isolating yield spread differences.

The tax-exempt asset mix Jan. 1 was 45% stocks, 30% bonds, 15% mortgage-backed securities and 10% cash.

Bradford-White, Lankenau Hospital Foundation, Union of International Upholsterers and NME Union Trust are among its clients.

Research is 10% internally generated; 160 stocks are followed closely and 180, generally.

Philip H. Brown II, president, is the chief investment officer. Thomas A. Campbell is the client contact.

Meridian Investment Co. is an affiliate.

Meridian Capital Management Ltd.

450 B St., Suite 780, San Diego, Calif. 92101; (619) 239-9049

Total assets managed	$32,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Fully discretionary	$14,000,000
Tax-exempt clients	20
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	1

Meridian Capital Management Ltd., a balanced manager, identifies basic intrinsic worth and only holds such securities whose risk/reward advantage remains intact. Its equity approach combines low P/E ratio with earning power projection.

If the yield of debt securities exceeds the reciprocal of the median equity market price earnings ratio, short and intermediate debt securities will be added to portfolios.

John Messner, president and chief executive officer, and Ellis C. Smith, president and chief administrative officer, are the chief investment officers. Mr. Messner is the client contact.

Meridian Management Co.

1000 Plaza West Building, Little Rock, Ark. 72205; (800) 334-0009

Total assets managed	$308,000,000
Tax-exempt assets managed:	
Total	$246,000,000
Fully discretionary	$246,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	22
Types of accounts managed	CE
No. of portfolio managers	2
Size of research staff	3

Meridian Management Co., an equity manager, is a bargain-hunter, focusing on low P/E, out-of-favor stocks.

The tax-exempt asset mix Jan. 1 was 94% stocks and 6% cash.

The net gain in tax-exempt business for 1984 was $181 million; 18 tax-exempt clients were added.

Clients include The World Bank, Georgia Pacific, Kerr-McGee and Public Service Electric & Gas.

Lee Bodenhamer, chairman, is chief investment officer.

Jock McQuilkin, vice president, is client contact.

Bodenhamer is chairman of First Variable Life Insurance Co., Little Rock, an affiliate of the firm.

E.A. Merkle & Associates

12½ Bedford St., New York, N.Y. 10014; (212) 675-9269

Total assets managed	$7,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$100,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	1

E.A. Merkle & Associates Inc., an equity manager, relies on market timing, sector emphasis and low P/E stocks to implement a contrarian investment philosophy to beat the consensus.

Ned Merkle, president, is chief investment officer and client contact.

Merrill Lynch Asset Management

633 Third Ave., New York, N.Y. 10017; (212) 692-2987

Total assets managed	$2,500,000,000
Tax-exempt assets managed:	
Total	$2,000,000,000
Fully discretionary	$1,900,000,000
International assets managed	$200,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	185
Types of accounts managed	CEFG
No. of portfolio managers	25

Merrill Lynch Asset Management Inc., an equity and balanced manager, seeks common stocks that are undervalued — selling at a discount from either book value or historic P/E ratios — and offer the prospect of above-average rates of total return.

Its fixed-income approach is active, with a preference for the shortest maturity and highest quality rating consistent with current income and liquidity requirements.

The tax-exempt asset mix Jan. 1 was 60% stocks, 20% bonds and 20% cash. International investments included $75 million in stocks and $125 million in bonds.

Clients include City of Atlanta, Merrill Lynch, Omaha Police & Firemen and city of Wilmington.

Arthur Zeikel, president, is the chief investment officer. Richard L. Reller, vice president, and Bernard J. Dumin, senior vice president, are the client contacts.

The firm is affiliated with Merrill Lynch & Co., which manages $48 billion in mutual funds (money market).

Merritt Easton Rae Management Ltd.

Suite 1703, 1166 Alberni, British Columbia V6E 3Z3; (604) 688-9531

Total assets managed	$125,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
International assets managed	$10,000,000
Minimum separate account	$250,000
Tax-exempt clients	5
Types of accounts managed	CU
No. of portfolio managers	3

Merritt Easton Rae Management Ltd., a Canadian balanced manager, employs low P/E stock, sector rotation and market timing in its equity approach. The investment philosophy emphasizes a flexible stance toward change in investment markets to both enhance returns and preserve capital.

For fixed-income management, interest rate anticipation and sector analysis are used.

The asset mix Jan. 1 was 30% Canadian stocks, 50% bonds, 10% cash and 10% U.S. stocks.

Robert L. Merritt, president, is chief investment officer and client contact.

Metropolitan Insurance Cos.

P.O. Box 160, Royal Bank Plaza, North Tower, Suite 790, Toronto, Ontario M5J 2J4; (416) 865-1151

Total assets managed	$3,637,000,000
Tax-exempt assets managed:	
Total	$704,000,000
Fully discretionary	$704,000,000
U.S. assets managed	$380,000,000
Real estate assets managed	$9,600,000
International assets managed	$7,500,000
Minimum separate account	$2,500,000
Tax-exempt clients	10
Types of accounts managed	CU
No. of portfolio managers	3
Size of research staff	6

Metropolitan Insurance Cos., a Canadian firm, a balanced manager with specialty managers for each asset class.

For equities, technical market analysis is used to supplement fundamental analysis. The firm believes in active portfolio management, using growth stocks, low P/E stock, sector rotation and market timing.

Interest rate anticipation is used for fixed income. Computer-assisted technical analysis augments fundamental analysis in defining turning points in price trends. The portfolio is traded actively.

In real estate management, the firm maintains an open-end fund interested in purchasing quality buildings throughout Canada. Units are valued monthly.

The asset mix Jan. 1 was 33% Canadian stocks, 33% bonds, 17% cash, 7% equity real estate and 10% U.S. stocks.

Robert L. Silcox, vice president-corporate investments and pension asset management services, is chief investment officer; William J. Gardner, director-marketing, sales and client relations, is client contact.

Its parent company is Metropolitan Life of New York.

Metropolitan Life Insurance

1 Madison Ave., New York, N.Y. 10010; (212) 578-2211

Total assets managed	$87,354,000,000
Tax-exempt assets managed:	
Total	$36,548,000,000
Fully discretionary	$30,309,000,000
Real estate assets managed	$383,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Pooled	261
Individual separate	10
GICs	1,767
Other	3,016
Types of accounts managed	CG
No. of portfolio managers	23
Size of research staff	89

Metropolitan Life Insurance Co. offers equity, fixed-income, balanced and real estate capabilities.

For equity investments, Metropolitan invests primarily in quality companies that have above-average long-term earnings and dividend growth expectations. It uses sector rotation and has passive capabilities.

Its fixed-income approach emphasizes interest rate anticipation.

For real estate, it invests in high-quality, well-located properties with strong initial income and excellent appreciation potential. It adds value through innovative, professional property management. Diversification is by property type and location.

Of the tax-exempt assets under management Jan. 1, $1.2 billion was in pooled separate accounts and $506 million in individual separate accounts. The asset mix was 31% stocks, 19% bonds, 28% cash, and 22% equity real estate.

GICs accounted for $14 billion.

Clients include AT&T, Conoco, Eastman Kodak and GM.

Robert G. Schwartz, chairman of the board, is the chief investment officer. Harvey M. Young, vice president, is the client contact.

MH & Associates, Securities Management Corp.

21031 Ventura Blvd., Suite 915, Woodland Hills, Calif. 91364; (818) 704-4633

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$18,000,000
Fully discretionary	$12,000,000
Minimum separate account	$500,000
Tax-exempt clients	14
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

MH & Associates, Securities Management Corp., a balanced manager, uses top-down asset allocation and sector emphasis, but special situations can account for large portions of portfolios. Generally, under-researched, institutionally underowned with market capitalization stocks under $1 billion are emphasized.

For fixed income, it uses interest rate anticipation.

J. Robert Meichelbock, president, is chief investment officer. John Hellman, vice president, is client contact.

Michigan National Investment Corp.

21 E. Long Lake Road, Suite 110, Bloomfield Hills, Mich. 48013; (313) 642-8000

Total assets managed	$863,000,000
Tax-exempt assets managed:	
Total	$352,000,000
Fully discretionary	$352,000,000
Minimum separate account	$200,000
Tax-exempt clients	107
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	3

Michigan National Investment Corp., a balanced manager, seeks capital appreciation and dividend growth in its equity approach by emphasizing companies growing faster than the general economy, earning above-average rates of return on original and reinvested capital and directed by astute management.

For fixed income, the firm seeks preservation of principal and achievement of above-average rate of return over the normal interest rate cycle by emphasizing quality-rated issues with intermediate maturities (10 years maximum) in a well-diversified portfolio with interest rate anticipation to vary maturities.

The tax-exempt asset mix Jan. 1 was 45% stocks, 45% bonds and 10% cash.

The net gain in tax-exempt busi-

ness totaled $18 million for 1984: $10 million for fixed and $8 million for equity; three tax-exempt clients were added. Dirk A. Wilms, president, is the chief investment officer and client contact.

The firm is a wholly owned subsidiary of Michigan National Corp.

Mid America Bank of Louisville & Trust Co.

P.O. Box 1101, Louisville, Ky. 40201; (502) 589-3351

Total assets managed	$378,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$40,000,000
Minimum separate account	$300,000
Types of accounts managed	CEPGJ
No. of portfolio managers	2

Mid America Bank of Louisville & Trust Co. offers equity, fixed and balanced capabilities.

Its equity style embraces larger capitalized companies that generally are industry leaders. Graham & Dodd analysis, sector rotation and market timing techniques are used.

Its fixed-income approach concentrates in governments and high-quality corporate bonds. Interest rate anticipation is used.

The bank makes private real estate placements in its community.

All assets were in separate accounts Jan. 1; the asset mix was 15% stocks, 75% bonds, 5% cash and 5% equity real estate.

John J. Burkhardt, vice president and trust officer, is the chief investment officer and client contact.

Midlantic National Bank

Metro Park Plaza, P.O. Box 600, Edison, N.J. 08818; (201) 321-8382

Total assets managed	$2,133,000,000
Tax-exempt assets managed:	
Total	$1,133,000,000
Fully discretionary	$1,133,000,000
Minimum separate account	$2,000,000
Tax-exempt clients:	
Commingled	230
Separate	150
Types of accounts managed	CEPJ
No. of portfolio managers	12
Size of research staff	4

Midlantic National Bank practices bond immunization and offers equity, fixed and balanced capabilities.

Decidedly value-oriented, it tends to be contrarian in its equity approach. Strong financials are essential and decision rules provide the necessary discipline for taking advantage of market emotion. Options are used.

Its fixed-income style is to locate undervalued sectors through the use of historical yield spreads and adjust the maturity distribution after comparing current and expected interest rate levels.

Of the tax-exempt assets Jan. 1, $185 million was in commingled and $948 million in separate accounts. The asset mix was 36% stocks, 49% bonds and 15% cash.

American Hoechst, Blue Cross/Blue Shield of New Jersey, Combustion Engineering and Foster Wheeler are among its clients.

Charles H. Joens Jr., senior vice president, is the chief investment officer. Jeffrey P. Moody, assistant vice president, is the client contact.

Midlantic National Bank & Trust Co./Florida

P.O. Box 2066, Pompano Beach, Fla. 33061; (305) 786-3357

Total assets managed	$180,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$90,000,000
Minimum separate account	$100,000
Tax-exempt clients	47
Types of accounts managed	CEPGJ
No. of portfolio managers	3

Midlantic National Bank & Trust Co./Florida offers equity, fixed-income and balanced capabilities.

It seeks superior returns from equities that are undervalued by historical standards and whose fundamental business and financial conditions remain strong. This approach is enhanced by limited diversification and implementation of rigorous sell disciplines.

The bank seeks enhanced returns on fixed-income investments through active maturity and sector management based on analysis of value and historical spreads.

All assets were in separate accounts Jan. 1; the asset mix was 40% stocks, 55% bonds and 5% cash.

Norman D. Fine, senior vice president and senior investment officer, is the chief investment officer. W. Blake Smith, executive vice president, is the client contact.

Mid-State Bank & Trust Co.

P.O. Box 2007, Altoona, Pa. 16601; (814) 946-5712

Total assets managed	$196,000,000
Tax-exempt assets managed:	
Total	$78,000,000
Fully discretionary	$78,000,000
Minimum separate account	$250,000
Tax-exempt clients	150
Types of accounts managed	CEPGJ
No. of portfolio managers	2
Size of research staff	2

Mid-State Bank & Trust Co. offers equity, fixed and balanced management.

Its equity approach accentuates defensive yield, and combines market timing with Graham & Dodd analysis.

Its passive fixed-income approach uses interest rate anticipation.

Of the tax-exempt assets Jan. 1, $19 million was in commingled and $59 million in separate accounts. The asset mix was 50% stocks, 45% bonds and 5% cash.

Ralph J. Davis, vice president and head of trust investments, is the chief investment officer. Roger D. Coplan, vice president, is the client contact.

M&I Investment Management

770 N. Water St., Milwaukee, Wis. 53202; (414) 765-7768

Total assets managed	$1,868,000,000
Tax-exempt assets managed:	
Total	$918,000,000
Fully discretionary	$864,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	796
Types of accounts managed	CEPGJ
No. of portfolio managers	15
Size of research staff	3

M&I Investment Management Corp. manages fixed, equity and balanced accounts.

The firm's equity philosophy emphasizes a valuation approach, incor-

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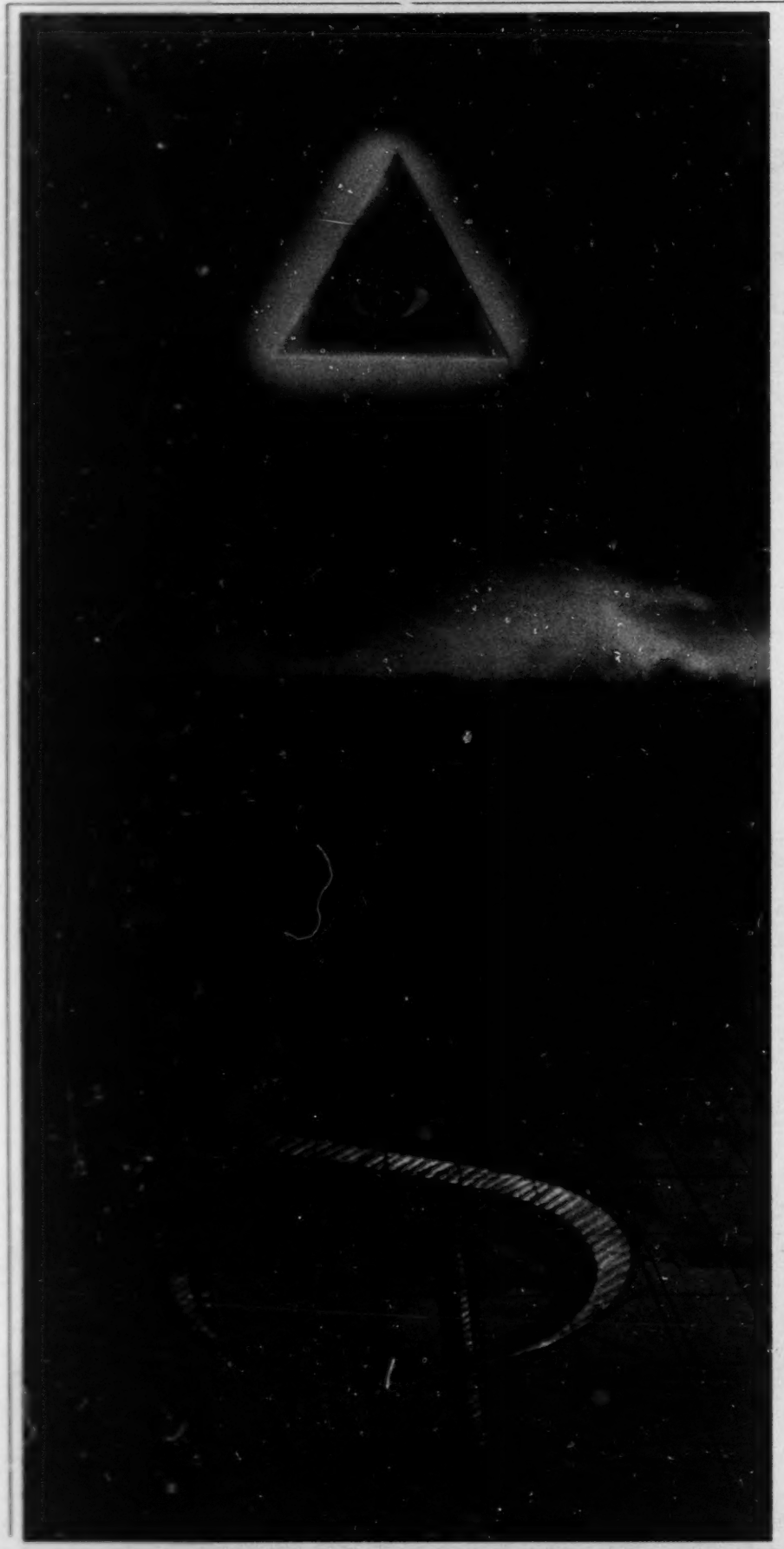

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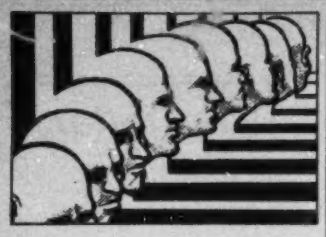

porating group dynamics and individual stock selection that focuses on under-researched companies.

Combining interest rate anticipation and sector analysis for fixed-income, it actively manages intermediate bonds, concentrating on preservation of capital within the context of total return.

The tax-exempt asset mix Jan. 1 was 50% stocks, 40% bonds and 10% cash.

William J. Gumerman, president, is the chief investment officer. Judith C. Murphy, vice president, is the client contact.

The firm is wholly owned by Marshall & Ilsley Corp., a holding company with assets totaling $4 billion.

Milbank Tanaka & Associates

60 E. 42nd St., New York, N.Y. 10165; (212) 687-9722

Total assets managed	$34,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Minimum separate account	$500,000
Tax-exempt clients	11
Types of accounts managed	CFJ
Size of research staff	3

Milbank Tanaka & Associates, an equity manager, practices bottom-up stock selection of generally low P/E stocks where earnings are likely to exceed expectations due to fundamental change over a two- to four-year period.

For fixed income, it relies on interest rate anticipation and an analysis of cyclical pressures, changing inflation expectations and changes in monetary and fiscal parity.

The tax-exempt asset mix Jan. 1 was 89% stocks, 7% bonds and 4% cash.

Graham Y. Tanaka, chairman, is chief investment officer. Jeremiah Milbank III, president, is client contact.

Miller, Anderson & Sherrerd

Two Bala Plaza, Bala Cynwyd, Pa. 19004; (215) 668-0850

Total assets managed	$5,068,000,000
Tax-exempt assets managed:	
Total	$5,068,000,000
Fully discretionary	$5,068,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	58
Types of accounts managed	CEFG
No. of portfolio managers	9

Miller, Anderson & Sherrerd handles equity, fixed-income and balanced accounts.

With a sector rotation approach, its equity decision-making focuses on investment strategy and a disciplined valuation process.

Its opportunistic approach to fixed-income management combines an intermediate maturity orientation, strategic market timing and sector analysis. Undervalued securities, especially in the mortgage-related securities market, are emphasized.

The tax-exempt asset mix Jan. 1 was 45% stocks, 28% mortgage-backed securities, 15% bonds and 12% cash.

Mobil Oil, J.C. Penney, SmithKline-Beckman and Johns Hopkins University are among its clients.

The six partners — Paul F. Miller Jr., John J.F. Sherrerd, A. Morris Williams, Thomas E. Beach, Richard B. Worley and David R. Atkinson — are the chief investment officers. Frederic S. Owen, director of marketing, is the client contact.

The Millikin National Bank of Decatur

100 S. Water St., Decatur, Ill. 62523; (217) 429-4253

Total assets managed	$210,000,000
Tax-exempt assets managed:	
Total	$72,000,000
No. of portfolio managers	7
Size of research staff	1

The Millikin National Bank of Decatur offers equity, fixed-income and balanced capabilities.

Its equity approach combines sector rotation and market timing. For fixed income, the bank combines interest rate anticipation with sector analysis.

The asset mix Jan. 1 was 40% stocks, 59% bonds and 1% cash.

Illinois Power, A.E. Staley and Mueller Co. are among its clients.

William E. Murphy, trust officer, is the chief investment officer. Karla Corl, trust marketing representative, is the client contact.

MIMLIC Asset Management

400 N. Robert St., St. Paul, Minn. 55101; (612) 298-3826

Total assets managed	$2,510,000,000
Tax-exempt assets managed:	
Total	$1,251,000,000
Fully discretionary	$1,251,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Pooled	145
Individual separate	7
GICs	90
Other	500
Types of accounts managed	CEG
No. of portfolio managers	5
Size of research staff	3

MIMLIC offers equity, fixed-income balanced and oil and gas capabilities.

It purchases stocks out of favor with other investors and waits for changing perception to effect a profit. Its approach is bottom-up and broadly diversified.

Depending on client preference, it uses one of two fixed-income approaches; both rely heavily on credit analysis and identification of value. Interest rate anticipation is used.

GICs accounted for $71.2 million.

Clients include 3M, University of Minnesota and Falls Church (Va.) Public Employees.

Alan Notvik, vice president, is the chief investment officer. Jeff Winter, sales/marketing, is the client contact.

Ming & Associates Inc.

501 Northwest Expressway, Suite 230, Oklahoma City, Okla. 73118; (405) 848-3608

Total assets managed	$70,000,000
Tax-exempt assets managed:	
Total	$69,000,000
Fully discretionary	$61,000,000
Minimum separate account	$100,000
Tax-exempt clients	17
Types of accounts managed	CG
No. of portfolio managers	1

Ming & Associates Inc. handles equity, fixed-income and balanced accounts.

Combining sector rotation and market timing in its equity approach, it relies on a fundamental review of companies followed by general market and industrial group movements on an absolute and relative strength analysis.

Interest rate anticipation is part of its fixed-income approach. Momentum analysis of bond price action directs it to maturities that will preserve or increase principal with competitive yields.

The tax-exempt asset mix Jan. 1 was 80% bonds and 20% stocks.

Oklahoma Law Enforcement, Texas International, Coleman and the Catholic Diocese of Wichita, Kan., are among its clients.

Robert A. Phillips is the chief investment officer.

Leslie L. Ming, president, is the client contact.

Minton/Newbold's Capital Management

1500 Walnut St., Philadelphia, Pa. 19102; (215) 893-8480

Total assets managed	$380,000,000
Tax-exempt assets managed:	
Total	$380,000,000
Fully discretionary	$380,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	16
Types of accounts managed	CEG
No. of portfolio managers	2

Minton/Newbold specializes in the discretionary management of fixed-income portfolios for tax-exempt organizations. Its investment approach is based on interest rate anticipation. Two distinct products are offered: an unconstrained approach designed to consistently compound positive returns and a cash-matched dedicated technique that aims to enhance returns through active management.

The active approach uses options on futures.

Minimum size for separate management is $10 million for active accounts, $12 million for dedicated.

Minton/Newbold's tax-exempt clients include Illinois Tool Works, Libbey-Owens-Ford, PPG Industries and the City of Richmond, Va.

Lee W. Minton Jr., president, is the chief investment officer; Charles H. Hopkins, vice president, is the client contact.

The firm is a division of W.H. Newbold's Son & Co., a wholly owned subsidiary of Provident Mutual Life Insurance Co. Assets under management by the parent company and all subsidiaries total $1.331 billion.

Mitchell Hutchins Asset Management Inc.

1285 Avenue of the Americas, New York, N.Y. 10019; (212) 713-4000

Total assets managed	$7,162,000,000
Tax-exempt assets managed:	
Total	$550,000,000
Fully discretionary	$540,000,000
International assets managed	$12,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	115
Types of accounts managed	CEFGJ
No. of portfolio managers	18
Size of research staff	2

Mitchell Hutchins Asset Management Inc. manages equity, fixed-income and balanced accounts.

With a growth stock approach to equity, it is earnings-growth oriented with a value bias.

Fixed-income investments are used to meet particular risk profiles in balanced accounts. Its conservative approach relies on interest rate anticipation and concentrates in short- to intermediate-term issues.

The tax-exempt asset mix Jan. 1 was 65% stocks, 26% bonds and 9% cash.

Duke University, Ford, Gainesville, Fla., and MAPCO are among its tax-exempt clients.

Beth Fry is the client contact.

The firm is a subsidiary of Paine-Webber Group, whose assets total $7.2 billion.

Moline National Bank

506 15th St., Moline, Ill. 61265; (309) 797-7600

Total assets managed	$375,000,000
Tax-exempt assets managed:	
Total	$37,000,000
Fully discretionary	$34,000,000
Minimum separate account	$100,000
Types of accounts managed	CEF
No. of portfolio managers	3

Moline National Bank offers equity, fixed and balanced capabilities.

Its quality-oriented equity approach employs Graham & Dodd analysis, seeking companies with low P/E ratios and strong balance sheets.

In fixed-income, it uses maturities of seven years or less and stresses quality. Sector analysis is used.

Frank Budinscak Jr., vice president and trust investment officer, is the chief investment officer and client contact.

Montag & Caldwell

2 Piedmont Center, Suite 500, Atlanta, Ga. 30363; (404) 262-3480

Total assets managed	$597,000,000
Tax-exempt assets managed:	
Total	$417,000,000
Fully discretionary	$407,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	77
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	3

Montag & Caldwell, an equity and balanced manager, seeks to purchase stocks when they are relatively undervalued and have strong earnings growth; it sells when the opposite conditions prevail.

For fixed income, it uses interest rate anticipation and a computer-based, sector-analysis approach to identify risks and rewards. It alters maturities to anticipate changes in market levels.

The tax-exempt asset mix Jan. 1 was 38% bonds, 32% stocks and 30% cash.

Clients include Federated Department Stores, Wake Forest University, Miami and Florida Progress.

Research is 60% internally generated; 300 stocks are followed closely and 800, generally.

Ronald E. Canakaris, president, is chief investment officer. Solon P. Patterson, chairman, is client contact.

Montreal Investment Management Inc.

1130 Sherbrooke St. W., Suite 600, Montreal, Quebec H3A 2S7; (514) 286-4500

Total assets managed	$1,401,000,000
Tax-exempt assets managed:	
Total	$1,025,000,000
Fully discretionary	$1,025,000,000
U.S. assets managed	$120,000,000
Real estate assets managed	$80,000,000
International assets managed	$100,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	32
Types of accounts managed	CEFGU
No. of portfolio managers	7

Montreal Investment Management Inc., a Canadian firm, is an equity, fixed-income and balanced manager.

For equities, it uses growth stocks and in fixed income, interest rate anticipation. The real estate approach works through a partially owned, pooled fund called Westpen.

The asset mix Jan. 1 was 45% Canadian stocks, 35% bonds, 5% cash, 5% equity real estate, 5% U.S. stocks and 5% non-north American investments.

Six clients are pensions funds of subsidiaries of U.S. firms.

Carl Otto, chairman and chief executive officer, is the chief investment officer; Michael Burpee, director, portfolio manager and analyst, is the client contact.

The firm is affiliated with Toronto Investment Management and Vanbrit Investment Management.

Montrusco Associates Inc.

Suite 2300, 1000 Sherbrooke St. W., Montreal, Quebec H3A 3G4; (514) 842-5454

Total assets managed	$900,000,000
Tax-exempt assets managed:	
Total	$610,000,000
Fully discretionary	$604,000,000
Real estate assets managed	$75,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	55
Types of accounts managed	CEFU
No. of portfolio managers	8

Montrusco Associates Inc., a Canadian firm, handles equity, fixed and balanced accounts.

Its equity strategy is based on business cycle analysis and stock selection generated from a multivariable, quantitative approach highlighting expected total return.

The fixed-income approach uses scenario identification, quarterly probability-weighted interest rate forecasting and rigorous spread analysis process.

The tax-exempt asset mix Jan. 1 was 36% Canadian stocks, 37%

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State, local, provincial gov'ts.
J: Jointly trusteed
U: Unions (Canadian advisers only)

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bonds, 6% cash 12% mortgages and 9% U.S. stocks.

Five of its tax-exempt clients are subsidiaries of U.S. firms.

Andre Marsan, president and chief executive officer, is the chief investment officer and client contact.

Montrusco is 51% owned by Montreal Trust Co.

MONY

1740 Broadway, New York, N.Y. 10019; (212) 708-2000

Total assets managed	$10,800,000,000
Tax-exempt assets managed:	
Total	$3,500,000,000
Fully discretionary	$3,500,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Pooled	2,500
Types of accounts managed	CEGJ
No. of portfolio managers	5
Size of research staff	9

MONY offers equity, fixed-income, balanced, international and real estate capabilities.

It seeks long-term growth of capital through investment in stocks with above-average rates of earnings growth. It pursues maximum returns within the parameters of pension fund risk tolerance.

Its fixed-income objective is to provide maximum return during a full cycle for both the long-term safety of investment-grade bonds and the liquidity of publicly issued securities.

Its real estate investment philosophy concentrates on direct ownership of income-producing properties. Its real estate portfolio is diversified by location and type of property.

On Jan. 1, $515 million was in pooled separate accounts, with an asset mix of 60% stocks, 14% bonds, 16% cash and 10% equity real estate.

GICs accounted for $525 million.

Clients include Bristol-Myers, American Institute of Certified Public Accountants, Atlantic Richfield and Weston Paper.

Floyd L. Smith, executive vice president, is the chief investment officer. Phillip N. Maisano, vice president-pension sales, is the client contact.

Subsidiaries include MONY Life Insurance Co. of Canada, MONY Reinsurance Corp., MONY Pen, MONY Mortgage Investors, MONY Life of America and MONY Securities.

Moran, Moore, Grossman & deRose Inc.

1 Battery Park Plaza, New York, N.Y. 10004; (212) 460-0600

Total assets managed	$80,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$60,000,000
Minimum separate account	$100,000
Tax-exempt clients	40
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	7

Moran, Moore, Grossman & deRose Inc., an equity manager, invests client portfolios in the equity securities of medium-sized, established, successful companies whose real asset value or fundamental strengths are substantially undervalued.

The tax-exempt asset mix Jan. 1 was 90% stocks and 10% cash.

Frederick A. Moran, president, is chief investment officer and client contact.

The firm is affiliated with Brookehill Equities Inc., a research boutique brokerage firm.

J.P. Morgan Investment Management Inc.

9 W. 57th St., New York, N.Y. 10019; (212) 826-7816

Total assets managed	$31,817,000,000
Tax-exempt assets managed:	
Total	$30,906,000,000
Fully discretionary	$30,906,000,000
Real estate assets managed	$2,101,000,000
International assets managed	$2,200,000,000
Tax-exempt clients	850
Types of accounts managed	CEFG
No. of portfolio managers	43
Size of research staff	21

J.P. Morgan Investment Management Inc., handles equity, fixed, balanced, real estate, international, special equity, immunized, convertibles, futures and options and petroleum investment management.

Its equity approach seeks superior investment results through active decisions within the extended market based on the relative valuation of individual securities, market factors and economic sectors.

Interest rate forecasting is most important to its fixed-income style; an emphasis on sector and yield spread analysis provides incremental return and lowers overall volatility.

Its investments in income-producing properties create additional value and capital appreciation for its clients through participation in the developer's profit, renovation or redevelopment, and improved property management.

The asset mix Jan. 1 was 40% stocks, 35% bonds, 5% cash, 5% equity real estate, 5% mortgages and mortgage-backed securities, 5% convertibles and 5% international.

The firm netted $1.8 billion in new tax-exempt business for 1984; 14 tax-exempt clients were added.

Clients include GM, Los Angeles County Employees and Pillsbury.

Knight, Bain, Seath & Holbrook

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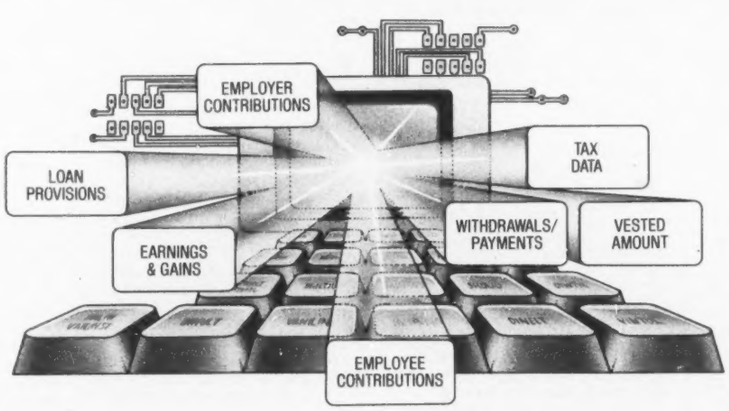

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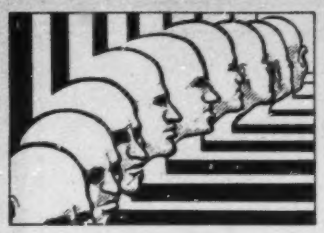

C. Nicholas Potter is the chief investment officer. Martin J. Dowd, vice president, is the client contact.

Morgan Grenfell Investment Services Ltd.

72 London Wall, London, England EC2M 5NH; (01) 588-4545

Tax-exempt assets managed:	
Total	$1,105,000,000
Fully discretionary	$1,105,000,000
International assets managed	$1,105,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	47
Types of accounts managed	CFG
No. of portfolio managers	7
Size of research staff	11

Morgan Grenfell Investment Services Ltd., an international manager, is an active, value-oriented global manager. Equal emphasis is placed on the market decision and stock selection. No investments are made without considering the currency impact.

In fixed income, it merges comparative economic analyses of countries with an intermediate-term view of currencies. Investments take into consideration interest rate expectations and currency movements, where appropriate.

The tax-exempt asset mix Jan. 1 was 91% stocks, 5% cash and 4% bonds.

Clients include United Air Lines, General Motors, Owens-Illinois and Rockefeller Foundation.

Research is 60% internally generated; 500 stocks are followed closely and 2,500, generally.

Marketing/client liaison is carried out by Morgan Grenfell Inc., New York; Elliott M. Gartner, director, and Graham D. Bamping and Alison J. Ramsdale, vice presidents, are the client contacts.

Morgan Stanley Asset Management Inc.

1633 Broadway, New York, N.Y. 10019; (212) 703-2702

Total assets managed	$3,293,000,000
Tax-exempt assets managed:	
Total	$2,543,000,000
Fully discretionary	$2,314,000,000
Real estate assets managed	$1,213,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	110
Types of accounts managed	CEFGJ
No. of portfolio managers	19
Size of research staff	2

Morgan Stanley Asset Management Inc. is an equity, fixed-income and balanced manager.

The firm's equity approach is to invest in companies that will benefit from changes in secular and cyclical trends or the reversal of major valuation discrepancies. Sector emphasis changes over time.

Bond management focuses on achieving a target rate of return. Investments are concentrated in short- and intermediate-term securities, supplemented with longer-term holdings when it is felt that they will enhance return without significantly increasing risk.

The tax-exempt asset mix Jan. 1 was 47.7% mortgage-backed securities, 26.8% stocks, 20.5% bonds and 5% cash. The net gain in tax-exempt business for 1984 totaled $1.2 billion: $932 million in fixed and $250 million in equities; 27 tax-exempt clients were added.

Reader's Digest, The New York Times, Amherst College and Kresge Foundation are among its 110 tax-exempt clients.

Barton M. Biggs, chairman and chief investment strategist, is the chief investment officer. Gail Hunt Reeke, vice president, is the client contact.

The firm is a wholly owned subsidiary of Morgan Stanley Inc.

Morguard Investments Ltd.

6 Crescent Road, Toronto, Ontario M4W 3K9; (416) 967-0880

Total assets managed	$4,329,000,000
Tax-exempt assets managed:	
Total	$3,315,000,000
Fully discretionary	$450,000,000
Real estate assets managed	$3,273,000,000
Tax-exempt clients	400
Types of accounts managed	CEFGU
No. of portfolio managers	15
Size of research staff	53

Morguard Investments Ltd., a Canadian firm, is a fixed-income, real estate and oil and gas manager.

The firm designs specific mortgage investments to meet clients' long- and short-term requirements. Yield and security are emphasized as well as diversity through syndication.

Morguard actively manages a real estate consortium for 33 pension funds with more than 250 commercial, industrial and retail properties in major centers.

The asset mix Jan. 1 was 38% equity real estate, 61% mortgages and 1% oil and gas.

Clients include Air Canada, Northern Telecom, Alberta Government Telephones and Shell Canada.

D.D. Weiss, executive vice president-mortgage division, and A.K. Stephens, executive vice president-property division, are the chief investment officers. H.S. Dougan, senior vice president-mortgage division, and W.A. Houghton, senior vice president-property division, are the client contacts.

Morley Capital Management

4000 Kruse Way Place, Suite 2-300, Lake Oswego, Ore. 97034; (503) 635-5414

Total assets managed	$301,000,000
Tax-exempt assets managed:	
Total	$272,000,000
Fully discretionary	$272,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	8
Types of accounts managed	CFGJ
No. of portfolio managers	4
Size of research staff	3

Morley Capital Management Inc., a fixed-income manager, emphasizes the use of guaranteed investment contracts as a foundation asset, considering them a superior fixed-income asset offering high yields, security and predictable cash flows.

The asset mix Jan. 1 was 99% GICs and 1% cash.

Harold H. Morley, president, is the chief investment officer. Larry H. Mylnechuk, senior vice president, is the client contact.

Mortgage Investors Advisory Group Inc.

1645 Palm Beach Lakes Blvd., Suite 240, West Palm Beach, Fla. 33401; (305) 686-1800; 601 W. Fort, Suite 410, Detroit, Mich. 48226; (313) 965-3042

Total assets managed	$86,000,000
Tax-exempt assets managed:	
Total	$86,000,000
Real estate assets managed	$20,000,000
Tax-exempt clients	4
Types of accounts managed	G
No. of portfolio managers	7
Size of research staff	7

Mortgage Investors Advisory Group Inc., a real estate manager, stresses conservative underwritten real estate investments in proven markets and emerging cities. It pursues participating mortgages, mortgage equities and short-term construction lending.

All tax-exempt assets were in mortgages Jan. 1.

Edwin B. Wayman, president, is chief investment officer and client contact.

The firm is affiliated with Mortgage Investors Group Inc..

Moseley Capital Management

60 State St., Boston, Mass. 02101; (617) 367-5900

Total assets managed	$241,000,000
Tax-exempt assets managed:	
Total	$28,000,000
Fully discretionary	$23,000,000
Minimum separate account	$500,000
Tax-exempt clients	27
Types of accounts managed	CEF
No. of portfolio managers	5

Moseley Capital Management, an equity and balanced manager, uses a growth stock approach to equity, selecting themes and looking for reasonably priced stocks. Technical analysis is used as an adjunct.

Interest rate anticipation is used in its fixed-income approach.

Gerard A. Papin, senior vice president, is the chief investment officer. John M. Lewis, vice president, and Margaret J. Soens, marketing director, are the client contacts.

The firm is a wholly owned subsidiary of Moseley, Hallgarten, Estabrook & Weeden Holding Co.

MPACT Securities Corp.

P.O. Box 2266, Austin, Texas 78780; (512) 479-5780

Total assets managed	$503,000,000
Tax-exempt assets managed:	
Total	$95,000,000
Fully discretionary	$95,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	30
Separate	110
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	5

MPACT Securities Corp. offers equity, fixed-income, balanced and option capabilities.

Its top-down equity approach focuses heavily on sectors that appear appropriate for the economic environment.

Using interest rate anticipation, it aggressively shifts fixed-income funds to the extremes of yield curve exposure: fully cash to fully zero coupons.

Of the tax-exempt assets Jan. 1, $5 million was in commingled and $90 million in separate accounts. The asset mix was 55% stocks, 40% bonds and 5% cash.

Clients include St. Edwards Endowment, MBank Trust Division, U.S. Bank-Denton and First National Bank & Trust-Bryan.

Randy Bateman, president, and Ed Cowart, vice president and director of research, are the chief investment officers.

Scott Hutchison, marketing representative, is the client contact.

MPT Associates

600 Fifth Ave., New York, N.Y. 10020; (212) 247-5858

Total assets managed	$946,000,000
Tax-exempt assets managed:	
Total	$946,000,000
Fully discretionary	$946,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	11
Types of accounts managed	CFG
No. of portfolio managers	4
Size of research staff	3

MPT Associates, an equity manager, is broadly diversified in equities, seeking consistent above-market returns through a disciplined, risk-controlled approach based on quantitative analysis.

For fixed income, the firm has a fully managed, short duration (three to 15 months) active strategy to produce superior full-cycle returns and avoid negative return years for balanced accounts.

The tax-exempt asset mix Jan. 1 was 99.5% stocks and 0.5% cash.

New York State Teachers, Cooper Industries, Pacific Gas & Electric and World Bank are among its clients.

David A. Baker, president, is the chief investment officer. George Petersen III, vice president, is the client contact.

The firm is a subsidiary of Lincoln National Corp., which has $8 billion in assets.

MSecurities Corp.

P.O. Box 225415, Dallas, Texas 75265; (214) 698-6864

Total assets managed	$746,000,000
Tax-exempt assets managed:	
Total	$536,000,000
Fully discretionary	$536,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	26
Types of accounts managed	CEFGNo. of portfolio managers 6

MSecurities Corp., an equity manager, has rotational growth as its primary equity style. An alternative style of low P/E and Graham & Dodd value approach is available through its branch office in MBank, Fort Worth.

Interest rate anticipation is the basis of it fixed-income approach.

The tax-exempt asset mix Jan. 1 was 44% stocks, 41% cash and 15% bonds.

LTV, Lomas & Nettleton, city of Fort Worth, Texas, and Texas Scottish Rite Hospital are among its clients.

Hilton Hemphill, president, is the chief investment officer. Lyle E. Brumley, vice president-marketing, is the client contact.

The firm is a wholly owned subsidiary of MCorp., a multibank holding company.

Mt. Auburn Management

79 Milk St., Boston, Mass. 02109; (617) 423-7707

Total assets managed	$13,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Real estate assets managed	$350,000
Minimum separate account	$2,500,000
Tax-exempt clients	2
Types of accounts managed	EF
No. of portfolio managers	1

Mt. Auburn Management, an equity manager, stresses concentration on change and in a limited number of holdings. Varying with client goals and market judgment, a mix of individual smaller growth companies and selected industry sectors is sought.

Alan J. Dworsky, principal, is chief investment officer and client contact.

Mu-Cana Investment Counselling Ltd.

227 King St. S., Waterloo, Ontario N2J 4C5; (519) 888-2750

Total assets managed	$1,309,000,000
Tax-exempt assets managed:	
Total	$1,197,000,000
Fully discretionary	$1,197,000,000
U.S. assets managed	$117,000,000
Real estate assets managed	$8,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	55
Types of accounts managed	CEFU
No. of portfolio managers	8
Size of research staff	2

Mu-Cana Investment Counselling Ltd., a Canadian balanced manager, bases its equity approach on Graham & Dodd analysis and its fixed-income approach on interest rate anticipation.

Twelve clients are pension funds of subsidiaries of U.S. firms.

Clients include Gates Canada, Joy Manufacturing, General Foods and Pillsbury Canada.

H.E. Brough, president, is chief investment officer; David M. Paleczny, senior vice president-marketing and administration, is client contact.

Mutual Life of Canada is the parent.

Muhlenkamp & Co. Inc.

P.O. Box 191, Bradfordwoods, Pa. 15015; (412) 935-5643

Total assets managed	$18,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$200,000
Tax-exempt clients	15
Types of accounts managed	CEG
No. of portfolio managers	1
Size of research staff	1

Muhlenkamp & Co. Inc., an equity and balanced manager, combines low P/E stocks with Graham & Dodd analysis in its equity approach, buying corporate stocks according to values determined by its own value criteria.

For fixed income it uses interest rate anticipation.

Ronald H. Muhlenkamp, president, is the chief investment officer. H. Anthony Hodges, vice president, is the client contact.

Multinational Investments

3645 Warrensville Center Road, Shaker Heights, Ohio 44122; (216) 752-8900

Total assets managed	$60,000,000
Tax-exempt assets managed:	
Total	$25,000,000
Fully discretionary	$25,000,000
Minimum separate account	$500,000
Tax-exempt clients	23
Types of accounts managed	C
No. of portfolio managers	3

Multinational Investments Inc., a balanced manager, buys low P/E stocks with insider buys and sells when they reach average value.

The firm buys high-quality bonds when interest rates are stable to down and shortens maturities to average of five years when long rates rise.

The tax-exempt asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

Geofray J. Greenleaf, president, is chief investment officer and client contact.

Munsch Capital Management

1760 Market St., Suite 1308, Philadelphia, Pa. 19103; (215) 564-4142

Total assets managed	$27,000,000
Tax-exempt assets managed:	
Total	$27,000,000
Fully discretionary	$27,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	1

Munsch Capital Management, a fixed-income manager, uses a risk-averse approach based on past cyclic interest rate patterns to determine its underlying investment posture. A short-term model is used to gauge non-cyclical phenomena affecting the markets.

Raymond J. Munsch is the chief investment officer and client contact.

Murphy Capital Management

61 N. Maple Ave., Ridgewood, N.J. 07931; (201) 445-8366

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$22,000,000
Fully discretionary	$22,000,000
Minimum separate account	$300,000
Tax-exempt clients	27
Types of accounts managed	CEJ
No. of portfolio managers	3

Murphy Capital Management, an options hedge manager, provides low-risk pension management through the use of covered put and call option writing against a simulated Dow index portfolio. It uses interest rate anticipation in fixed income.

Jon J. Murphy is the chief investment officer. Robert Bucher, portfolio manager, is the client contact.

Mutual of America Life Insurance Co.

666 Fifth Ave., New York, N.Y. 10103; (212) 399-1600

Total assets managed	$2,002,000,000
Tax-exempt assets managed:	
Total	$2,002,000,000
Fully discretionary	$2,002,000,000
International assets managed	$157,000,000
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	3

Mutual of America offers pooled equity management seeking gowth stocks. Options are used.

Its fixed-income approach combines interest rate anticipation and sector analysis.

For real estate, it uses a relatively active management to take advantage of changing opportunities in market relationships.

Joan M. Casson, senior vice president, is chief investment officer. Howard Lichtenstein is client contact.

Mutual Benefit Life

520 Broad St., Newark, N.J. 07101; (201) 481-8647

Total assets managed	$8,350,000,000
Tax-exempt assets managed:	
Total	$4,300,000,000
Fully discretionary	$4,300,000,000
Real estate assets managed	$16,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
GICs	238
Other	1,324
Types of accounts managed	CGJ
No. of portfolio managers	10

Mutual Benefit Life offers equity, fixed-income, balanced and real estate capabilities.

The firm's equity approach features emerging growth and low P/E stocks. It has an eclectic approach seeking opportunities for leveraged or accelerated appreciation in less generally exploited situations involving unusu-

ally good value, turnarounds and arbitrage opportunities.

Its fixed-income approach combines passive and sector analysis. The firm seeks maximum returns from the sectors offering the highest current yields, subject to the firm's credit quality standards and portfolio matching strategies.

For real estate, it emphasizes smaller properties that might provide a greater degree of diversity within the portfolio.

Of the tax-exempt assets under management Jan. 1, $138 million was in pooled separate accounts. The asset mix was 74% stocks, 1% bonds, 14% cash and 11% equity real estate.

Clients include AT&T, Grumman and EG&G.

Ted D. Simmons, executive vice president, is the chief investment officer. Robert Shapiro, senior vice president-pensions, is the client contact.

Mutual Life of Canada

227 King St. S., Waterloo, Ontario N2J 4C5; (519) 888-2476

Total assets managed	$6,033,000,000
Tax-exempt assets managed:	
Total	$850,000,000
Fully discretionary	$150,000,000
Real estate assets managed	$35,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1,200
Types of accounts managed	CGU
No. of portfolio managers	10
Size of research staff	7

Mutual Life of Canada has equity, fixed-income and balanced capabilities.

Its equity approach is based on Graham & Dodd analysis; fixed-income management is based on interest rate anticipation.

The tax exempt asset mix Jan. 1 was 35% Canadian stocks, 45% bonds, 5% cash, 5% mortgages and 10% U.S. stocks.

The firm has 55 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Alberta Natural Gas, WMI Waste Management, Midland Ross and Noxema.

Duncan R. Winhold, executive vice president, is chief investment officer; Ellery E. Thorsteinson is client contact. Mu-Cana Investment Counselling Ltd. is a subsidiary.

Mutual Service Life Insurance Co.

P.O. Box 64035, St. Paul, Minn. 55164; (612) 631-7000

Total assets managed	$306,000,000
Tax-exempt assets managed:	
Total	$187,000,000
Fully discretionary	$171,000,000
Tax-exempt clients:	
Pooled	9
GICs	40
Other	283
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	3

Mutual Service Life Insurance Co., a fixed-income and balanced manager, takes a risk-averse, value-oriented equity approach stressing low volatility and consistency of return.

For fixed income, interest rate changes are anticipated.

Clients include National Cooperative Refinery Association, Cenex, Land O' Lakes and Universal Cooperatives.

Loren A. Haugland, vice president-investments, is the chief investment officer. David M. LaClare, director of pension sales, is the client contact.

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Narragansett Capital Corp.

40 Westminister, Providence, R.I. 02903; (401) 751-1000

Total assets committed	$141,000,000
Tax-exempt assets committed	$0

Narragansett Capital Corp., founded in 1959, is a publicly owned venture capital firm with an SBIC subsidiary. The principals are trying to take the firm private.

The firm runs two funds. Narragansett Capital, started in 1959, with a public offering in 1960, has a net worth of $66 million. Narragansett First Fund (a leveraged buy-out fund), closed in February 1983 with $75 million.

The principals are Arthur D. Little, Robert D. Manchester, William P. Lane, Paul A. Giusti, Gregory P. Barber and Rover A. Vandenberg. Mr. Barber and Mr. Vandenberg are the client contacts.

National Bank of Commerce

13th & O Streets, Lincoln, Neb. 68508; (402) 472-4437

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$135,000,000
Fully discretionary	$101,000,000
Minimum separate account	$250,000
Tax-exempt clients	286
Types of accounts managed	CEFGJ
No. of portfolio managers	4

National Bank of Commerce offers equity, fixed and balanced capabilities.

Equity selection is driven by in-depth fundamental research with an emphasis on value and a bias toward companies with high expected returns with solid asset value support relative to current prices.

Its fixed-income approach stresses importance of capital preservation and stability of returns with portfolio modifications based on interest rate forecasts and yield spreads between quality sectors.

The asset mix Jan. 1 was 45% stocks, 45% bonds and 10% cash.

James T. Hitt, vice president and trust investment officer, is the chief investment officer. R. David Wilcox, vice president and trust marketing officer, is the client contact.

National Bank of Detroit

611 Woodward Ave., Detroit, Mich. 48226; (313) 225-1000

Total assets managed	$21,405,000,000
Tax-exempt assets managed:	

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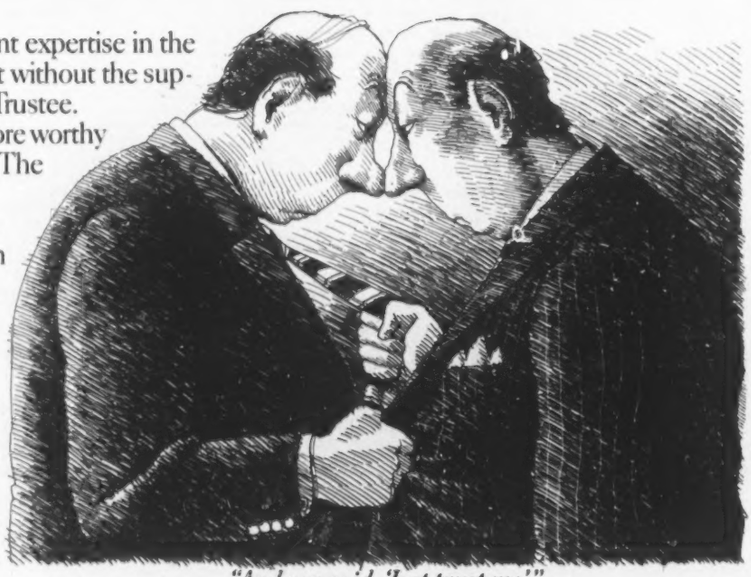

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Total	$8,370,000,000
Fully discretionary	$7,500,000,000
Minimum separate account	$300,000
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	10

National Bank of Detroit offers equity, fixed and balanced capabilities and manages immunized/dedicated funds. Specialized funds of real estate, international and venture capital were established late last year.

Its equity goal is a consistent, above-average positive real return over a market cycle, with special emphasis on identifying superior growth and emerging growth stocks. Maximum prospective earnings growth per dollar of price is a key criterion for portfolio inclusion.

Its fixed-income management strives to maximize returns while controlling risk through investment in government securities and corporate bonds. Its funds provide income and growth rates superior to short-term interest rate and market fluctuation.

Its real estate equity fund offers current returns and long-term appreciation in property value through diversified investments in buildings and real estate developments.

Of the tax-exempt assets Jan. 1, $1.075 billion was in commingled and $7.295 billion in separate accounts.

The asset mix was 55% stocks, 35% bonds and 10% cash.

General Motors, Kresge, University of Michigan and Wayne County are among its clients.

James M. Lane, senior vice president, is the chief investment officer. Craig R. Meland, trust officer, is the client contact.

National City Bank

1900 E. Ninth St., Cleveland, Ohio 44114; (216) 575-2577

Total assets managed	$5,129,000,000
Tax-exempt assets managed:	
Total	$2,466,000,000
Minimum separate account	$2,000,000
Tax-exempt clients:	
Commingled	995
Separate	126
Types of accounts managed	CEFJ
No. of portfolio managers	8
Size of research staff	8

National City Bank offers equity, fixed and balanced capabilities. Its real estate fund is scheduled to start this year.

Its equity approach emphasizes value, flexibility and moderate turnover. Investments are made in high-quality medium and large companies that offer above-average growth and are currently undervalued by the market.

For fixed income, it identifies undervalued sectors of the bond market based on its outlook on interest rates. It invests in high-quality marketable securities whose maturities are in line with its outlook.

Of the tax-exempt assets Jan. 1, $411 million was in commingled and $2.055 billion in separate accounts.

The asset mix was 50% stocks, 40% bonds and 10% cash.

Clients include Ferro, Harris, Rubbermaid and Goodyear.

J. Warren Hall, senior vice president, is the chief investment officer. Thomas E. McHale, vice president, is the client contact.

National Investment Services of America Inc.

815 E. Mason St., Suite 1501, Milwaukee, Wis. 53202; (414) 271-6540

Total assets managed	$3,000,000,000
Tax-exempt assets managed:	
Total	$2,800,000,000
Fully discretionary	$2,800,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	19
Types of accounts managed	CEFJ
No. of portfolio managers	7

National Investment Services of America Inc. is an equity and fixed-income manager. In equities, it seeks to identify companies whose growth characteristics are undergoing significant positive changes and are at the lower part of what it believes will be a longer term price range. Both growth and emerging growth stocks are sought.

In fixed income, its matches the client's needs with method. For active portfolios, it is a minimum of 50% invested, and duration averages three to six years. For dedicated clients, all methods are available.

The asset mix Jan. 1 was 5% stocks, 85% bonds and 10% cash.

The firm netted $2.2 billion in new tax-exempt business; two tax-exempt clients were added.

Ameritech, Eastern Air Lines Pilots, Snap-On-Tools and Harvest States are among its 19 tax-exempt clients.

The firm follows 30 stocks closely and 100 generally.

Joseph E. Gorman, president, is chief investment officer. Thomas R. Tuschen, vice president-fixed income, and Eugene G. Martin, executive vice president-equities, are client contacts.

National Life Insurance Co.

National Life Drive, Montpelier, Vt. 05604; (802) 229-3656

Total assets managed	$2,219,000,000
Tax-exempt assets managed:	
Total	$56,000,000
Fully discretionary	$56,000,000
Real estate assets managed	$16,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	2
No. of portfolio managers	1

National Life Insurance Co. takes an opportunistic approach to real estate acquisitions and an active role in managing and upgrading properties to maximize gains from appreciation during a five- to seven-year holding period. Property sales are timed both to market conditions and to the investment life cycle of each property.

On Jan. 1, $37 million was in pooled separate accounts. The asset mix was 81% real estate and 19% cash.

Richard J. Borda, vice chairman of the board, is the chief investment officer. David A. Shaw, national marketing director, is the client contact.

The National Victoria and Grey Trust Co.

21 King St. E., Toronto, Ontario M5C 1B3; (416) 361-3841

Total assets managed	$3,000,000,000
Tax-exempt assets managed:	
Total	$1,380,000,000
Fully discretionary	$1,100,000,000
U.S. assets managed	$300,000,000
International assets managed	$45,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1,497
Types of accounts managed	CEFGU
No. of portfolio managers	17
Size of research staff	3

National Victoria and Grey Trust Co., a Canadian firm, is an equity, fixed-income, balanced and index manager.

Equity selections stress relative values and proper portfolio diversification.

Interest rate anticipation is used for fixed income. Selections are based on constant monitoring of both fundamental and technical factors.

The asset mix Jan. 1 was 40% Canadian stocks, 35% bonds, 5% cash, 10% mortgages, 5% U.S. stocks and 5% non-North American investments.

D.A. Bsillie, senior vice president, is the chief investment officer. Michael S.F. How, investment marketing consultant, and Donald D. Landreville, vice president-employee benefit services, are the client contacts.

The firm is affiliated with Hill Samuel Investment, London.

NBD Ann Arbor

P.O. Box 8601, Ann Arbor, Mich. 48107; (313) 995-8183

Total assets managed	$285,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$145,000,000
Minimum separate account	$500,000
Tax-exempt clients	135
Types of accounts managed	CFGJ
No. of portfolio managers	2

NBD Ann Arbor offers equity, fixed and balanced capabilities.

For equity, it practices sector rotation and emphasizes growth stocks.

Its fixed-income approach is based on interest rate anticipation.

The asset mix Jan. 1 was 65% stocks and 35% bonds.

Theodore Libby, vice president, is chief investment officer. Steven T. Hoffman, vice president, is client contact.

The bank is a subsidiary of National Bank of Detroit.

NC Capital Management Group

102 W. Fourth St., Williamsport, Pa. 17701; (717) 327-2188

Total assets managed	$281,000,000
Tax-exempt assets managed:	
Total	$146,000,000
Fully discretionary	$146,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	23
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	1

NC Capital Management Group, an equity manager, selects equities based on high earnings growth rates, financial quality and position in growing sector of economy; equities also must have attractive relative and absolute valuation. The firm uses options. Research is 10% internally generated; 40 stocks are followed closely and 100, generally.

Sidney D. Furst III, director, is chief investment officer. Marshall Raucci Jr., vice president, is client contact.

The firm is part of Northern Central Bank. Holding company is Keystone Financial Corp.

NCNB National Bank

1 NCNB Plaza TO9-1, Charlotte, N.C. 28255; (704) 374-8405

Total assets managed	$5,200,000,000
Tax-exempt assets managed:	
Total	$2,700,000,000
Fully discretionary	$2,700,000,000
Real estate assets managed	$400,000,000
International assets managed	$209,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	654
Separate	1,087
Types of accounts managed	CEFGJ
No. of portfolio managers	27
Size of research staff	7

NCNB National Bank offers equity, fixed and balanced and real estate capabilities.

It takes a growth-stock approach to equity. After a broad overview of economic sectors, companies are screened for management quality, markets, competitive and financial strength and computer-assisted projected earnings growth rates.

Its fixed-income approach is risk averse, stressing credit research and interest rate forecasts. Investments are high quality with maturities in the short to intermediate range (up to 10 years).

Its real estate goal is appreciation and high current income by investing in high quality, diversified commercial and industrial real estate in the Southeast. A portion of these investments is developed from inception.

The asset mix was 30% stocks, 40% bonds, 15% cash and 15% equity real estate.

United Systems Employees, Eastern Air Lines Pilots, Bell South and World Bank are among its clients.

Research is 10% internally generated; 210 stocks are followed closely and 375, generally. Options and fixed-income futures are used.

Charles G. Smith IV, senior vice president, is the chief investment officer. Mark S. Coltrin, vice president, is the client contact.

Subsidiaries include NCNB National Banks of Florida and North Carolina.

Nelson, Benson & Zellmer

455 Sherman St., Suite 100, Denver, Colo. 80203; (303) 778-6800

Total assets managed	$223,000,000
Tax-exempt assets managed:	
Total	$156,000,000
Fully discretionary	$156,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	25
Types of accounts managed	CF
No. of portfolio managers	4

Nelson, Benson & Zellmer Inc. is a fully-invested, bottom-up equity manager stressing three elements of fundamental financial analysis: growth of earnings, superior return on equity, and quality of management.

The fixed-income component of its balanced accounts, viewed as an "anchor to windward," is managed passively. The focus is on intermediate-term government and high-quality corporate credits.

The asset mix Jan. 1 was 75% stocks, 13% bonds and 12% cash.

W. Peterson Nelson, president, is the chief investment officer. John A. Benson, executive vice president, is the client contact.

Neuberger & Berman

522 Fifth Ave., New York, N.Y. 10036; (212) 790-9659

Total assets managed	$6,675,000,000
Tax-exempt assets managed:	
Total	$3,432,000,000
Fully discretionary	$2,432,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	137
Types of accounts managed	CEFGJ
No. of portfolio managers	34
Size of research staff	11

Neuberger & Berman, an equity manager, takes high cash positions in falling and indecisive markets and high equity positions in rising markets. Its results come from the constant expansion/contraction of equity/bond/cash positions across market cycles.

Its equity approach is market oriented and combines low P/E ratios, sector rotation and Graham & Dodd analysis.

It seeks market-oriented, fixed-income investments with maturities of zero to five years.

The asset mix Jan. 1 was 83% stocks, 16% cash and 1% bonds.

The net gain in new tax-exempt business for 1984 was $1 billion from 23 tax-exempt clients, $850 million in fixed and $172 million in equities.

Celanese, Dart & Kraft, St. Louis University and Milford, Conn., are among its tax-exempt clients.

Research is 80% internally generated; 300 stocks are followed closely and 600, generally.

Richard A. Cantor, president, is the chief investment officer. Robert R. McComsey, chief operating officer, is the client contact.

New England Mutual Life Insurance Co.

501 Boylston St., Boston, Mass. 02117; (617) 578-2000

Total assets managed	$8,427,000,000
Tax-exempt assets managed:	
Total	$3,437,000,000
Fully discretionary	$3,437,000,000
Real estate assets	7,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Pooled	286
Individual separate	4
GICs	600
Other	1,500
Types of accounts managed	CGJ
No. of portfolio managers	40
Size of research staff	60

New England Mutual Life Insurance Co. handles equity, fixed-income, balanced and real estate accounts.

Its equity approach emphasizes sector rotation, searching for companies with the greatest potential for an earnings surge. Portfolios are concentrated in 20 to 30 issues and a strong sell discipline is followed.

Its fixed-income approach is based on interest rate anticipation but also uses sector and credit analysis. Investments are made in both the public bond and private placement markets. Fixed-income futures are used.

New England Mutual offers a pooled real estate fund of developmental real estate, managed by affiliate Copley Real Estate Advisors.

Clients include AT&T, Blue Cross/Blue Shield, Dart & Kraft and Ford Motor.

Ralph F. Verni, executive vice president-finance, is the chief investment officer. Donald I. Gregg, senior vice president-group pension marketing, is the client contact.

Its subsidiaries are Copley and Loomis, Sayles & Co.

New Japan Capital Management (USA) Inc.

1 World Trade Center, Suite 4959, New York, N.Y. 10048; (212) 938-5602

Total assets managed	$538,000,000
Tax-exempt assets managed:	
Total	30
Minimum separate account	$1,000,000
No. of portfolio managers	18
Size of research staff	5

New Japan Capital Management (USA) Inc., an international manager,

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BARRA

Analytical Investment Services for the World's Capital Markets

2001 Addison Street, Berkeley, California 94704
Barbara Hodges (415) 548-5442

• Asset Allocation • Specialized Consulting Studies • Dividend Discount Model •

takes a top-down and bottom-up approach to investments. Equities are placed, according to growth potential, industry leadership, capitalization, beta and P/E ratio, in one of three categories: growth, emerging growth and cyclical. Computer-aided, optimal portfolios are constructed to suit client's preferences.

Research is 70% to 80% internally generated; 500 stocks are followed closely and 1,000, generally.

Katsuro Kaseda, senior managing director, is the chief investment officer. Hiroshi Takahashi, senior vice president, is the client contact.

New Japan Capital Management Co. Ltd. is the parent firm.

New Jersey National Bank

C/N 04550, Trenton, N.J. 08650; (609) 771-5893

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$125,000,000
Fully discretionary	$125,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	150
Separate	150
Types of accounts managed	CGJ
No. of portfolio managers	4

New Jersey National Bank offers equity, fixed, balanced and international capabilities.

Its equity approach concentrates on companies with P/E ratios less than the S&P 500 and dividend payout ratios 5% to 50% of earnings, ranked by five-year return on equity.

Its active bond approach is based on interest rate anticipation and yield curve opportunities.

Gregory A. Church, vice president and manager-asset management division, is the chief investment officer. Dennis Walsingham, assistant vice president, is the client contact.

New York Life Insurance Co.

51 Madison Ave., New York, N.Y. 10010; (212) 576-7000

Total assets managed	$22,251,000,000
Tax-exempt assets managed:	
Total	$7,018,000,000
Fully discretionary	$7,018,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Pooled	446
GICs	1,782
Other	3,581
Types of accounts managed	CGJ
No. of portfolio managers	8
Size of research staff	17

New York Life Insurance Co. offers equity, fixed-income, real estate and money market capabilities.

Its equity approach combines growth stock and emerging growth. It owns companies with internal growth rates substantially greater than inflation. The fixed-income approach combines an actively managed core with a partial market timing approach to provide returns that are competitive and that consistently exceed inflation in all environments. Sector analysis is used and buy/sell disciplines are heavily emphasized.

Through a diversified portfolio of real estate assets, the firm seeks both capital appreciation and attractive current yield. Specifically, its long-term objective is to provide a rate of return in excess of inflation.

Clients include Occidental Petroleum, Allied Corp., Southern New England Bell and Smith Barney.

About 60% of research is generated internally; 200 stocks are followed closely and 1,300, generally.

William E. Keiter, executive vice president, is the chief investment officer. Thomas P. O'Conner, vice president, and Robert D. Rock, pension vice president, are client contacts.

Newbold's Asset Management

1500 Walnut St., Philadelphia, Pa. 19102; (215) 893-8167

Total assets managed	$942,000,000
Tax-exempt assets managed:	
Total	$572,000,000
Fully discretionary	$572,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	71
Types of accounts managed	CEPG
No. of portfolio managers	10

Newbold's Asset Management, an equity manager, combines low P/E ratios with Graham & Dodd analysis in its equity approach.

The asset mix Jan. 1 was 82% stocks and 18% cash.

The net gain in new business was $322 million for 1984; 16 tax-exempt clients were added.

Timothy M. Havens, president, is chief investment officer. Robert E. Clarke, vice president, is client contact.

W.H. Newbold's Son & Co., the parent company, is an independent subsidiary of Provident Mutual Life Insurance Co.

Newhard, Cook Advisory Services Inc.

720 S. Colorado Blvd. #170, Denver, Colo. 80222; (303) 753-9400

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$6,000,000
Fully discretionary	$6,000,000
Minimum separate account	$100,000
Tax-exempt clients	18
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	2

Newhard, Cook Advisory Services Inc., an equity manager, takes a disciplined technical approach to equity, using proprietary portfolio relative strength analysis, market timing and growth stocks.

Fixed-income investments are limited to money market instruments.

The asset mix Jan. 1 was 80% stocks and 20% cash.

Howard J. Hebert, president, is chief investment officer and client contact.

The firm is a subsidiary of Newhard Cook & Co. Inc.

Newport Pacific Management

500 Sansome St., Suite 810, San Francisco, Calif. 94111; (415) 781-5801

Total assets managed	$7,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	1

Newport Pacific Management, a balanced and international manager, has a top-down approach to equity, seeking international growth stocks with emphasis on the Far East.

For fixed income, it uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks, 40% bonds and 10% cash.

John M. Mussey is chief investment officer and client contact.

The firm, formed Jan. 1, 1984, is a wholly owned subsidiary of Newport International Management Ltd., which has $22 million in assets.

Nicholas-Applegate Capital Management Inc.

701 B St., Suite 2040, San Diego, Calif. 92101; (619) 234-4472

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	10
Types of accounts managed	CEJ
No. of portfolio managers	2

Nicholas-Applegate Capital Management Inc. is a bottom-up equity manager investing in companies with potential for dramatic acceleration in earnings, low institutional ownership and strong relative price strength.

The asset mix Jan. 1 was 98% stocks and 2% cash.

Research is 20% internally generated; 100 stocks are closely followed. The firm uses options and stock index futures.

Arthur E. Nicholas, chairman, is the chief investment officer. Fred C. Applegate is the client contact.

The Nicholson Group Inc.

7550 Red Road, Coral Gables, Fla. 33143; (305) 662-1760

Total assets managed	$5,000,000
Tax-exempt assets managed:	
Total	$2,000,000

A permanent loan of $46,000,000

has been made by

Teacher Retirement System of Texas

on the 21-story

Texas Commerce Bank Building

at Las Colinas in Irving, Texas.

The Lomas & Nettleton Advisory Group Inc.

serves as investment advisor

and asset manager for the fund.

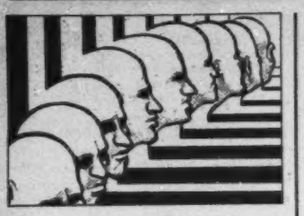
For information contact David Ridley, vice president.

LN

The Lomas & Nettleton Advisory Group Inc.

A member of The Lomas & Nettleton Financial Group
2001 Bryan Tower, Dallas, Texas 75201 (214) 761-8296

This announcement appears as a matter of record



Fully discretionary	$2,000,000
Minimum separate account	$100,000
Tax-exempt clients	6
Types of accounts managed	CJ
No. of portfolio managers	1
Size of research staff	1

The Nicholson Group, an equity manager, emphasizes market timing in its market approach, concentrating on blue chips and near-blue chips showing high potential based on both technical and fundamental analysis.

The asset mix Jan. 1 was 90% stocks and 10% cash.

Research is 80% internally generated; 150 stocks are followed closely and 2,000, generally.

Robert Nicholson, president, is the chief investment officer. Dennis Pushkin, executive vice president, is the client contact.

The firm serves as investment counsel for The Nicholson Growth Fund.

Nikko-Charterhouse J. Rothschild Capital Management Co. Inc.

350 Park Ave., New York, N.Y. 10022; (212) 319-2730

Total assets managed	$3,400,000,000
Tax-exempt assets managed:	
Total	$83,000,000
Fully discretionary	$83,000,000
International assets managed	$83,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	6
Types of accounts managed	CFJ
No. of portfolio managers	32
Size of research staff	3

Nikko-Charterhouse J. Rothschild Capital Management, an equity manager, invests in stocks of growth companies with sustainable long-term earning growth and/or those addressing the needs of customers with products.

For fixed income, it analyzes each country through macroeconomics. Fundamental research is performed to determine to what degree economic fundamentals will relate to the exchange risk/country risk.

The asset mix Jan. 1 was 64.8% stocks and 35.2% cash, all in international markets.

Clients include United Air Lines, Eli Lilly, Pacific Lighting and the U.S.-Japan Foundation.

Richard Thornton, co-chairman, is the chief investment officer. Tetsuya Murakami, senior vice president and director, is the client contact.

The firm is a 50-50 joint venture formed by Nikko International Capital Management Co. Ltd., Tokyo, and Charterhouse J. Rothschild plc, a British financial services conglomerate.

Noddings-Calamos Asset Management Inc.

2001 Spring Road, Suite 750, Oak Brook, Ill. 60521; (312) 789-8444

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Minimum separate account	$250,000
Tax-exempt clients	16
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	6

Noddings-Calamos Asset Management Inc. specializes in covertible securities. Using quantitative analysis, it evaluates undervalued securities through mathematical and statistical models.

All assets were in convertible securities on Jan. 1.

The net gain in new tax-exempt business for 1984 was $22 million; one tax-exempt client was added.

Clients include Johnson Controls and Wisconsin Electric.

Research is 75% internally generated; 200 stocks are followed closely and 700, generally.

John P. Calamos, president, is chief investment officer and client contact.

Nomura Capital Management

180 Maiden Lane, Suite 3703, New York, N.Y. 10038; (212) 509-8181

Total assets managed	$415,000,000
Tax-exempt assets managed:	
Total	$215,000,000
Fully discretionary	$148,000,000
International assets managed	$215,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	9
Types of accounts managed	CEFGJ
No. of portfolio managers	28

Nomura Capital Management Inc., an international manager, provides active Pacific Basin regional management using structured decision making with a clearly defined valuation-oriented investment process. Extensive use of a quantitative system is supported by strong local fundamental research.

The asset mix Jan. 1 was 84% stocks and 16% cash.

The net gain in new tax-exempt business for 1984 was $42 million; two tax-exempt clients were added.

General Electric, General Motors, Hawaii and United Technologies are among its clients.

Research is 90% internally generated; 400 stocks are followed closely and 1,400, generally.

Takeo Nakamura, president, is the chief investment officer. Brian X. Fitzgibbon, senior vice president, is the client contact.

The firm is affiliated with Nomura Investment Management Co. Ltd.

North American Capital Management

P.O. Box 25275, Overland Park, Kan. 66225; (913) 541-1688

Total assets managed	$6,000,000
Tax-exempt assets managed:	
Total	$3,000,000
Fully discretionary	$3,000,000
Minimum separate account	$80,000
Tax-exempt clients	20
Types of accounts managed	C
No. of portfolio managers	1

North American Capital Management, an equity manager, uses top-down technical analysis to find attractive investments among the 1,000 largest capitalization companies in the country. Market timing is a significant part of its conservative, risk-averse process.

With a passive fixed-income approach, it invests in various short-term money market instruments, rarely exceeding 90 days average maturity.

Research is 80% internally generated; 300 stocks are followed closely and 1,000, generally.

Robert J. McElwain is chief investment officer and client contact.

The Northern Trust Co.

50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

Total assets managed	$13,823,000,000
Tax-exempt assets managed:	
Total	$6,765,000,000
Fully discretionary	$6,765,000,000
Tax-exempt clients	247
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	11

The Northern Trust Co. offers equity, fixed, balanced, real estate and international capabilities.

It uses collective funds to manage money. Its asset management division uses diversified, concentrated, special and hedged equity funds to construct portfolios to suit clients' needs. Styles available include passive, growth stock, special equity and option-oriented.

Collective funds for fixed-income investments include short-, intermediate- and long-term bond funds. Immunization funds are managed for sponsors. Available styles include passive, interest rate anticipation and sector and yield curve analysis.

The primary emphasis of its real estate approach is on the sale-leaseback of qualifying employer real estate.

All assets were in commingled accounts Jan. 1; the asset mix was 2.7% stocks, 3.5% bonds and 93.8% cash.

The firm netted $2.5 billion in new tax-exempt business for 1984; 38 clients were added.

Clients include Museum of Science and Industry, Old Republic International, Central Illinois Public Service and Tecumseh Products.

John W. Hogge, senior vice president, is the chief investment officer. William D. Naftzger, vice president, is the client contact.

The Griffin Group is a subsidiary.

Northwest Life Insurance Co. (Washington Square Capital)

512 Nicollet Mall, Minneapolis, Minn. 55440; (612) 342-3408

Total assets managed	$3,388,000,000
Tax-exempt assets managed:	
Total	$1,403,000,000
Fully discretionary	$1,403,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Pooled	1
GICs	414
Types of accounts managed	CG

In addition to general account pension funding products, Northwest offers equity and fixed-income management through affiliates Hahn Holland & Grossman and Lotsoff Capital Management, respectively.

Of the assets under management, $9 million was in pooled separate accounts. The mix of those assets on Jan. 1 was 46% bonds, 11% cash, 24% mortgages and 19% mortgage-backed securities. GICs accounted for $969 million.

The net gain in new tax-exempt business for 1984 was $500 million; 162 clients were gained.

Clients include Mid Con, Peoples' Energy, Southern California Edison and Household International.

Steven W. Wishart, president of Washington Square Capital, is the chief investment officer. Frank Hermann, senior vice president, is the client contact.

NorthWest Quadrant Inc.

369 San Miguel Drive, Suite 245, Newport Beach, Calif. 92660; (714) 720-9232

Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$300,000
Tax-exempt clients	46
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	1

NorthWest Quadrant Inc. manages equity portfolios that are fully invested, broadly diversified and tend to fluctuate 40% less than S&P. With a quantitative approach, it employs the techniques of covered options, convertible securities and closed-end funds.

The asset mix Jan. 1 was 95% stocks and 5% cash.

All research originates in-house; 600 stocks are generally followed.

Roger W. Wilson, president, is chief investment officer. Nancy Sweet, portfolio manager, is client contact.

NORVEST

45 East Ave., Rochester, N.Y. 14604; (716) 423-1900

Total assets managed	$876,000,000
Tax-exempt assets managed:	
Total	$569,000,000
Fully discretionary	$569,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	135
Types of accounts managed	CEF
No. of portfolio managers	10
Size of research staff	8

NORVEST, a balanced manager, uses a value approach to equities, screening stocks in search of low beta, low price-to-book value, low institutional ownership, low debt, high cash flow, high yield, insider buying and limited following by analysts. Industry weightings are established via a top-down strategy. Positions in individual securities are limited to 4% of the portfolio and convertibles are used extensively.

The fixed-income approach uses interest rate anticipation to determine the maturity/duration characteristics of the portfolio. It then determines the value sectors of the market and determines within those sectors where it can add value.

The asset mix Jan. 1 was 72.6% stocks, 25.7% bonds and 1.7% cash.

James A. Knauf Jr., president, is the chief investment officer. Peter W. Mye is the client contact.

The firm is a wholly owned subsidiary of Norstar Bancorp.

Norwest Capital Management & Trust

8th & Marquette Ave., Minneapolis, Minn. 55479; (612) 342-9493

Total assets managed	$3,900,000,000
Tax-exempt assets managed:	
Total	$1,885,000,000
Fully discretionary	$1,885,000,000
International assets managed	$5,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	5

Norwest Capital Management & Trust offers equity, fixed and balanced capabilities.

Its equity approach is diversified, accenting valuation. Quantitative analysis is used to identify growth and emerging growth stocks.

Combining sector analysis with interest rate anticipation, it seeks consistent rates of return for its fixed-income investments.

Of the tax-exempt assets Jan. 1, $694 million was in commingled and $1.2 billion in separate accounts.

The asset mix was 59% stocks, 25% bonds, 10% cash and 6% mortgage-backed securities. The bank had $5 million invested in international equities.

The firm netted $393 million in new tax-exempt business for 1984; 51 tax-exempt clients were added.

Clients include Northern States Power, Bemis and Valspar.

John R. Coswell, vice president, is the chief investment officer. Robert W. Edgar Jr., assistant vice president, is the client contact.

NSR Asset Management

605 Third Ave., New York, N.Y. 10158; (212) 687-2200

Total assets managed	$797,000,000
Tax-exempt assets managed:	
Total	$797,000,000
Fully discretionary	$797,000,000
Minimum separate account	$2,500,000
Tax-exempt clients	33
Types of accounts managed	CEF
No. of portfolio managers	5

NSR Asset Management Corp., a balanced manager, bases its equity approach on relative valuation, which results in significant shifts in sector concentrations over a cycle as the relative attraction of the individual stocks in each sector changes.

Its fixed-income approach relies primarily on sector analysis with secondary emphasis on modest shifts in maturities based on the risk-reward characteristics of the yield curve.

The asset mix Jan. 1 was 69.5% stocks, 22.8% bonds and 7.7% cash.

Clients include National Steel, Brooklyn Union Gas, The Gleason Works and Hood College.

Research is 25% internally generated; 200 stocks are followed closely and 400, generally.

William T. Spitz is chief investment officer and client contact.

National Securities & Research Corp., an affiliate of Aitken Hume International — with assets of $1.8 billion — owns 85% of the firm.

NWQ Investment Management Co.

606 S. Olive St., Suite 1410, Los Angeles, Calif. 90014; (213) 613-1053

Total assets managed	$319,000,000
Tax-exempt assets managed:	
Total	$267,000,000
Fully discretionary	$267,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	64
Types of accounts managed	CFGJ
No. of portfolio managers	5

NWQ Investment Management Co., an equity manager, uses securities it believes to be undervalued relative to others in the marketplace. It emphasizes above average dividend yields, below average price to earnings and low price to book value.

Relying on interest rate anticipation for fixed income, it invests in bonds only when there is an opportunity to earn a return substantially above the coupon rate, and liquidates once the opportunity has been realized.

The asset mix Jan. 1 was 52.9% stocks and 47.1% cash.

The net gain in new tax-exempt business for 1984 was $140 million; 22 tax-exempt clients were added.

David A. Polak, president, is chief investment officer.

James P. Owen, executive vice president-marketing and client services, is client contact.

Oak Investment Partners

257 Riverside Ave., Westport, Conn. 06880; (203) 226-8346

Total assets committed	$235,000,000
Tax-exempt assets committed	$117,000,000
Tax-exempt limited partners	20

Oak Investment Partners, formed in 1978, manages three venture capital partnerships.

Oak Investment Partners, which closed in 1978, has $25 million in commitments; Oak Investment Partners II, 1981, $60 million; and Oak Investment Partners III, 1983, $150 million.

The firm prefers the role of deal originator. It will make start-up, first stage, latter-stage expansion, buy-out or acquisition financings. It also will make purchases of secondary positions.

It has no geographical preferences. Oak Investment prefers communications, computer-related, and electronic components and instrumentation industries.

The principles are Stewart H. Greenfield, Edward F. Glassmeyer, Michael D. Kaufman, Ginger M. More, Catherine A. Pierson, Dennis C. Sisco, Jeffrey D. West, Carla P. Haugen, Ann Huntress Lamont and Karen C. Vinjamuri.

Oakwood Counselors Inc.

888 Seventh Ave., New York, N.Y. 10106; (212) 757-6495

Total assets managed	$43,000,000
Tax-exempt assets managed:	
Total	$14,000,000
Fully discretionary	$14,000,000
Minimum separate account	$100,000
Tax-exempt clients	21
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	2

Oakwood Counselors Inc., an equity manager, uses Graham and Dodd analytical techniques. Growth potential, market timing and industry analysis are heavily weighted in considering purchases.

Interest rate anticipation is used in fixed income.

Paul J. Sherman, president, is chief investment office and client contact.

Michael B. O'Higgins & Co.

327 State St., Albany, N.Y. 12210; (518) 436-9731

Total assets managed	$86,000,000
Tax-exempt assets managed:	
Total	$87,000,000
Fully discretionary	$87,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	98
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	3

Michael B. O'Higgins & Co., an equity manager, has a universe of the 30 Dow stocks and the 90 largest capitalization stocks, which it compares on a relative strength basis to identify buys and sells.

In fixed income, it uses sector analysis, comparing various maturities on a relative strength basis.

The asset mix Jan. 1 was 90% stocks and 10% cash.

Clients include International Harvester, Pitney Bowes and Ardbrack

Management.

Michael B. O'Higgins, head of research, is the chief investment officer. George B. Chelius, marketing director, is the client contact.

The Ohio Co.

155 E. Broad St., Columbus, Ohio 43215; (614) 464-5545

Total assets managed	$252,000,000
Tax-exempt assets managed:	
Total	$197,000,000
Fully discretionary	$197,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	67
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	6

The Ohio Co., a balanced manager, considers itself an equity fundamentalist seeking out under-owned companies; it concentrates on stocks with lower-than-market average P/W ratios and above-average dividend yields.

For fixed income, it is defensive, preferring to take its risk position in common stock investments. It stresses high-quality (AAA governments), current coupon (vs. deep discount) and near-term maturities (one to six years).

The asset mix Jan. 1 was 63% stocks, 29% bonds and 8% cash.

The net gain in new tax-exempt business for 1984 was $4 million; four tax-exempt clients were added.

Clients include Dinner Bell Foods, Landmark and Worthington Industries.

Research is 40% internally generated; 125 stocks are followed closely and 1,400, generally.

Clarence A. Peterson, executive vice president, is the chief investment officer. William D. Lange, assistant vice president and business development officer, is the client contact.

Old Kent Bank & Trust Co.

1 Vandenberg Center, Grand Rapids, Mich. 49503; (616) 774-5000

Total assets managed	$1,900,000,000
Tax-exempt assets managed:	
Total	$948,000,000
Fully discretionary	$948,000,000
Real estate assets managed	$16,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	430
Separate	39
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	2

Old Kent Bank & Trust Co. offers equity, fixed-income and balanced capabilities.

Its equity portfolios are well-diversified, ranking at parity with the S&P 500 in terms of quality and risk level (beta) and moderately lower in dividend yields. Interest-rate sensitive and highly regulated industries are excluded.

The firm favors active fixed-income management based on rate anticipation within the confines of a two- to six-year maturity using only the highest quality obligations.

It selects open-end real estate portfolios managed by others with emphasis on equity investment in properties located outside the Midwest.

Of the tax-exempt assets Jan. 1, $423 million was in commingled and $525 million in separate accounts.

The asset mix was 23% stocks, 35% bonds, 40% cash and 2% equity real estate.

Clients include Steelcase, Blue Cross/Blue Shield of Michigan, Rospatch and Grand Rapids.

All of its research originates in-house; 50 stocks are followed closely and 100, generally.

James M. LaFleur, senior vice president, is the chief investment officer. Gary L. Church, vice president, is the client contact.

Old Stone Trust Co.

180 S. Main St., Providence, R.I. 02903; (401) 278-2017

Total assets managed	$289,000,000
Tax-exempt assets managed:	
Total	$87,000,000
Fully discretionary	$80,000,000
Minimum separate account	$100,000
Tax-exempt clients	135
Types of accounts managed	CEGJ
No. of portfolio managers	4

Old Stone Trust Co. offers equity, fixed and balanced capabilities.

Its equity approach is growth stock-oriented using Graham & Dodd analysis and a valuation screen.

It seeks the highest quality fixed-income instruments of short to intermediate maturity. Interest rate anticipation is practiced.

The asset mix was 30% stocks, 65% bonds and 5% cash.

John G. O'Neill, vice president and trust officer, is the chief investment officer. Richard H. Brandon, senior vice president, is the client contact.

Olympic Capital Management Inc.

3008 Rainier Tower, Seattle, Wash. 98101; (206) 447-9399

Total assets managed	$701,000,000
Tax-exempt assets managed:	
Total	$678,000,000
Fully discretionary	$678,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	44
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Olympic Capital Management Inc. handles equity, fixed-income and balanced accounts.

The firm's equity strategy uses sector rotation and Graham & Dodd analysis and is fundamentally oriented. It pays strict attention to price, taking a semi-contrarian approach, discouraging investments solely driven by market sentiment.

Its fixed income strategy is based on interest rate anticipation. The firm believes fixed assets must be actively managed and emphasizes the control of risk, innovative market knowledge and the arbitraging of shifting relative values.

The asset mix Jan. 1 was 56% stocks, 42% bonds and 2% cash.

The net gain in new tax-exempt business was $180 for 1984: $101 million in equities and $79 million in fixed; 10 tax-exempt clients were added.

Pacific Gas & Electric, Boeing, Watkins-Johnson and General Public Utilities are among its clients.

Research is 15% to 25% internally generated; 60 to 80 stocks are followed closely and 350 to 700, generally. Options and stock index futures are used rarely.

John S. Crowl is chief investment officer; he and Stanley J. Bernhard are the client contacts.

Oppenheimer Capital Corp.

1 New York Plaza, New York, N.Y. 10004; (212) 825-4000

Total assets managed	$5,738,000,000
Tax-exempt assets managed:	
Total	$5,408,000,000
Fully discretionary	$3,335,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	204
Types of accounts managed	CEFGJ
No. of portfolio managers	15
Size of research staff	5

Oppenheimer Capital Corp. manages equity, fixed-income and balanced accounts.

Its common stock approach is value-oriented and bottom-up. It interrelates its judgments on changes and trends in overall financial liquidity with its assessment of overall market valuation levels.

For fixed income, it concentrates on company analysis with an emphasis on special situations.

The asset mix Jan. 1 was 61% stocks, 23% bonds and 16% cash.

The net gain in new tax-exempt business for 1984 was $287 million; 15 tax-exempt clients were added.

American Medical Association, Inland Steel, National Elevator Industry and Rockefeller Foundation are among its tax-exempt clients.

Research is 75% internally generated; 120 stocks are followed closely and 500, generally. The firm uses options.

Joseph M. La Motta, president, is the chief investment officer. Frank P.L. Minard, senior vice president, is the client contact.

The firm is a subsidiary of Oppenheimer Financial Corp., whose other subsidiaries include Oppenheimer & Co. Inc., a research and brokerage firm, and Oppenheimer Management Corp., a mutual fund management firm.

Favia Hill

& Associates, Inc.

Investment managers serving the needs of pension and profit-sharing plans for corporations, unions, public employees, non-profit and charitable organizations

For additional information

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The Options Group

50 Broadway, New York, N.Y. 10004; (212) 785-5555

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$2,000,000
Types of accounts managed	C

The Options Group provides hedged equity management for maximum dividend income.

Lawrence D. Chapin, partner, is the client contact.

Options Research Inc.

256 Sutter St., 4th Floor, San Francisco, Calif. 94108; (415) 981-0243

Total assets managed	$4,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$500,000
Tax-exempt clients	2
No. of portfolio managers	2
Size of research staff	6

Options Research Inc., established in 1977, added its capital management group in 1985.

Its equity approach uses stocks, futures and options to establish (ideally) risk-free arbitrage positions, selling overpriced and buying underpriced.

For fixed income, it analyzes trends in interest rates with intent to hedge adverse movements with trading hedges to meet goals of client.

W.H.C. Bassetti is chief investment officer and client contact.

Oregon Bank

P.O. Box 2808, 1001 S.W. Fifth Ave., Portland, Ore.97208; (503) 222-7611

Total assets managed	$140,000,000
Tax-exempt assets managed:	
Total	$76,000,000
Fully discretionary	$76,000,000
Real estate assets managed	$500,000
Minimum separate account	$100,000
Tax-exempt clients:	
Commingled	53
Separate	15
Types of accounts managed	CEFGJ
No. of portfolio managers	3

Oregon Bank offers equity, fixed-income, balanced and real estate capabilities.

Its disciplined, undervalued equity approach emphasizes low P/E issues, with a modest bias toward Pacific Northwest companies.

Its fixed-income style emphasizes principal stability and consistency of returns by limiting maturities to 10 years or less and minimizing credit risk.

Of the tax-exempt assets Jan. 1, $9 million was in commingled and $67 million in separate accounts.

The asset mix was 50% stocks, 40% bonds, 7% cash and 3% equity real estate.

Blue Cross/Blue Shield of Oregon, International Woodworkers of America, Oregon Community Foundation and Pacific Stationery are among its clients.

Robert T. Platt, vice president and senior investment officer, is chief investment officer. Arthur W. Kriegsmann, vice president, is the client contact.

Oxford Partners

1266 Main St., Stamford, Conn. 06902; (203) 964-0592

Total assets committed	$56,000,000
Tax-exempt assets committed	$28,000,000
Tax-exempt limited partners	20

Oxford Partners, founded in 1981, operates three venture capital funds: Oxford Venture Fund I, which closed with $20 million in 1981; Oxford Venture Fund II, which closed with $36 million in 1983; and Oxford Venture Fund III, which is still open.

The firm prefers early-stage financing. Electronics and medical are the industry preferences; there are no geographical preferences for investment.

Tax-exempt limited partners include GE, NCR and Eaton.

The principals are Kenneth W. Rind, Cornelius T. Ryan, Stevan A. Birmbaum, William R. Lonergan and Francis X. Driscoll. Mr. Rind and Mr. Ryan are the client contacts.

P

Pacholder Associates Inc.

8250 Winton Road, Level 400, Cincinnati, Ohio 45247; (513) 931-3443

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$2,000,000
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	3

Pacholder Associates Inc., a fixed-income manager, was established Jan. 1, 1984.

The firm centers its fixed-income investment style on inefficiently priced securities with current return. Considerable emphasis is placed on thorough credit and equity research.

Asher O. Pacholder, managing director, is the chief investment officer. Kathleen A. Wayner, managing director, is the client contact.

Pacific Asset Management

655 Montgomery St., Suite 1410, San Francisco, Calif. 94109; (415) 362-6117

Total assets managed	$215,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	$59,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	20
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	2

Pacific Asset Management's equity approach is to invest in companies with consistently high returns on assets and sales, and positive sales growth dynamics. It prefers unleveraged balance sheets and self-financing cash flow.

The equity manager's fixed-income approach is passive. It does not invest in bonds with maturities greater than 10 years, and will shorten or lengthen the portfolio within this range depending on its analysis of future interest rates.

The asset mix Jan. 1 was 45% stocks, 35% bonds and 20% cash.

Robert M. Sutton, general partner, is chief investment officer. Andrew F. Mathieson, associate, is client contact.

The Pacific Century Group

1200 Third Ave., P.O. Box 121509, San Diego, Calif. 92112; (619) 238-8353

Total assets managed	$3,200,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Fully discretionary	$85,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	6
Types of accounts managed	CFG
No. of portfolio managers	8
Size of research staff	7

The Pacific Century Group, an equity and fixed-income manager, uses a bottom-up, growth stock approach to equities, investing in companies that have dramatically accelerated earnings, low institutional ownership and strong relative price strength.

Taking a sector analysis approach to fixed income, it aims to be fully invested in low-grade, high-yield corporate bonds.

A relative value seeker in its security holdings, it uses Treasury futures as a hedge.

The asset mix Jan. 1 was 40% stocks, 40% bonds and 20% cash.

Revlon, University of California at San Diego, Great American First Savings Bank and Glendale Federal are among its tax-exempt clients.

Thomas J. Langan, managing director and chief executive officer, is the chief investment officer. Mack. R. Christian, managing director-marketing, is the client contact.

The firm is a subsidiary of Security Pacific National Bank.

Pacific Financial Research

9665 Wilshire Blvd., Suite 950, Beverly Hills, Calif. 90212; (213) 278-4461

Total assets managed	$463,000,000
Tax-exempt assets managed:	
Total	$444,000,000
Fully discretionary	$399,000,000
Real estate assets managed	$26,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	21
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

Pacific Financial Research, an equity manager, takes a long-term, value-oriented, contrarian approach to equity. Using Graham & Dodd analysis, it seeks companies with market prices significantly lower than their worth to private buyers.

Its fixed-income approach is to buy bonds, primarily long-term, when they are significantly cheaper than stocks.

The asset mix Jan. 1 was 45% stocks, 35% bonds, 14% cash and 6% mortgage-backed securities.

The net gain in new tax-exempt business for 1984 was $43 million; seven tax-exempt clients were added.

Clients include FMC, PSA, GTE and Grinnell College.

James H. Gipson, president, is chief investment officer. He and Norman Williamson, vice president, and Susan M. McLane, treasurer, are client contacts.

Pacific Investment Management Co.

P.O. Box 9000, Newport Beach, Calif. 92660; (714) 640-3031

Total assets managed	$7,970,000,000
Tax-exempt assets managed:	
Total	$7,950,000,000
Fully discretionary	$7,780,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	71
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	1

Pacific Investment Management Co., mainly a fixed-income manager, focuses its equity investments on seasoned high-quality companies with histories of consistently above-average earnings growth, but growth at a price, via a valuation methodology.

In fixed income, it actively seeks value across the entire bond market (maturity, coupon, quality and sector) by incorporating a secular and cyclical outlook in executing strategies. It uses interest rate anticipation and utilizes financial futures as a risk management tool.

The asset mix Jan. 1 was 65% bonds and 35% stocks. The net gain in tax-exempt business for 1984 was $1.9 billion, $1.8 billion in fixed and $100 million in equity; 17 tax-exempt clients were added.

Clients include American Express, AT&T, Standard Oil (Indiana) and Vanderbilt University.

Research is 80% internally generated; 100 stocks are followed closely and 500, generally. The firm uses options and stock index and fixed-income futures.

Minimum account size for separate management is $10 million for equity and $20 million for fixed.

James F. Muzzy is client contact.

The firm is a wholly owned subsidiary of Pacific Mutual.

Pacific Mutual Life Insurance

700 Newport Center Drive, Newport Beach, Calif. 92660; (714) 640-3011

Total assets managed	$4,116,000,000
Tax-exempt assets managed:	
Total	$2,531,000,000
Fully discretionary	$2,466,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Pooled	250
Individual separate	5
GICs	208
Other	46
Types of accounts managed	CEGJ
No. of portfolio managers	4
Size of research staff	4

Pacific Mutual Life Insurance Co. offers equity, fixed-income, balanced and real estate capabilities.

Its equity approach is based on growth stock. It emphasizes high-quality, large-capitalization companies with consistent above-average earnings growth selling at the low end of their relative P/E range.

The insurer adjusts fixed-income portfolio maturities and sectors to obtain optimal performance from anticipated changes in interest rate levels and changes in the yield curve and yield spreads.

The real estate focus is on office, light industry and shopping properties with geographic concentration in the West, Southwest and other U.S. growth areas.

Of the tax-exempt assets under management Jan. 1, $195 million was in pooled separate accounts and $85 million was in individual separate accounts. The asset mix was 35% stocks, 21% bonds and 44% cash.

Tax-exempt clients had $645 million in the company's GICs.

Clients include Albertson's Inc., Clevepak, McDonald's and Walt Disney Productions.

Ott Thompson, executive vice president, is the chief investment officer. Daryle G. Johnson, vice president, is the client contact.

Its subsidiaries include Pacific Investment Management Co. and PMRealty Associates Inc.

Pacific Realty Advisors

44 Montgomery St., Suite 4230, San Francisco, Calif. 94104; (415) 392-3635

Total assets managed	$130,000,000
Tax-exempt assets managed:	
Total	$27,000,000
Fully discretionary	$27,000,000
Real estate assets managed	$27,000,000
Minimum separate account	$3,000,000
Types of accounts managed	C

Pacific Realty Advisors seeks income properties in the Western United States as inflation protection for its clients.

James O. Goldsmith, president, is the chief investment officer.

Palm Beach Capital Management Inc.

151 Royal Palm Way, Palm Beach, Fla. 33480; (305) 655-4690

Total assets managed	$255,000,000
Tax-exempt assets managed:	
Total	$255,000,000
Fully discretionary	$255,000,000
Minimum separate account	$500,000
Tax-exempt clients	4
Types of accounts managed	F
No. of portfolio managers	5

Palm Beach Capital Management Inc. handles equity, fixed-income and balanced accounts.

Its multifactor equity approach includes elements of low P/E, sector rotation and Graham & Dodd analysis, among other techniques.

For fixed income, it utilizes a strong historical perspective in projecting probability of change in the shape of the yield curve and in spreads between sectors within context of its interest-rate forecast.

All assets were in stocks on Jan. 1. Clients include ABT Family of Funds, Arno Holdings and Naro Holdings.

Thomas M. Keresey, president, is the chief investment officer. H. Spencer Webster, vice president, is the client contact.

Victor Palmieri & Co. Inc.

2021 K St., N.W., Suite 700, Washington D.C. 20006; (202) 223-8690

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$400,000,000
Fully discretionary	$400,000,000
Real estate assets managed	$400,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	6
Types of accounts managed	CJ
No. of portfolio managers	10

Victor Palmieri & Co. Inc., a real estate manager, invests in and manages large portfolios of assets, many of which have management or financial problems.

Its asset mix Jan. 1 was 68% equity real estate and 32% mortgages.

John A. Koskinen, president, is chief investment officer and client contact.

Paribas Asset Management

120 Wall St., New York, N.Y. 10005; (212) 747-4593

Total assets managed	$440,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1
Types of accounts managed	F
No. of portfolio managers	12

Paribas Asset Management Inc. is a global equity manager with strong international fixed-income capabilities.

An integrated, quantitatively structured and disciplined investment process is used for both the asset allocation and equity portfolio construction decision that focuses on the large capitalization sector of the equity market.

For fixed income, it anticipates interest rates. A systematic computerized comparison of risk-reward factors is made of a broad number of worldwide debt instruments, markets and currencies.

The asset mix Jan. 1 was 85% stocks, 10% bonds and 5% cash.

A. Dwight Hyde is the chief investment officer. A.P. Wilson, senior vice president, is the client contact.

It is affiliated with Banque Paribas.

Parker Dillon Carlson & Johnson

1416 Miamisburg-Centerville Road, Dayton, Ohio 45459; (513) 439-1010

Total assets managed	$14,000,000
Tax-exempt assets managed:	
Total	$11,000,000
Fully discretionary	$11,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	C
No. of portfolio managers	4

Parker Dillon Carlson & Johnson, an equity manager, employs quantitative analysis in its equity approach. Using a disciplined valuation process for buy and sell decisions, it concentrates on issues with market capitalizations of between $100 million and $1 billion.

Its fixed-income approach is passive. It maintains portfolio durations relative to the market duration consistent with the firm's interest rate outlook.

Leslie O. Parker III, president, is chief investment officer and client contact.

Park National Bank

50 N. Third St., Newark, Ohio 43055; (614) 349-8451

Total assets managed	$96,000,000
Tax-exempt assets managed:	
Total	$57,000,000
Fully discretionary	$27,000,000
Minimum separate account	$200,000
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	1

Park National Bank offers equity, fixed and balanced capabilities.

Its growth stock equity approach favors well-established, high-capitalization stocks, following fundamental investment principles.

Its fixed-income style involves staggered maturities with an average of less than seven years.

Terry C. Myers, trust officer, is chief investment officer. Stuart N. Parsons, vice president and trust officer, is client contact.

Parmelee Management Corp.

900 Third Ave., New York, N.Y. 10022; (212) 753-1597

Total assets managed	$67,000,000
Tax-exempt assets managed:	
Total	$42,000,000
Fully discretionary	$29,000,000
Minimum separate account	$500,000
Tax-exempt clients	31
Types of accounts managed	C
No. of portfolio managers	1

Parmelee Management Corp., an equity manager, takes a sector rotation approach to equity. Its fixed-income approach is passive.

The asset mix Jan. 1 was 60% bonds, 20% stocks and 20% cash.

Alfred Gray Parmelee, president, is chief investment officer and client contact.

PCM International

Prudential Plaza, Newark, N.J. 07101; (201) 877-7982

Total assets managed	$835,000,000
Tax-exempt assets managed:	
Total	$390,000,000

Fully discretionary	$380,000,000
International assets managed	$390,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	15
Types of accounts managed	CE
No. of portfolio managers	3
Size of research staff	4

PCM International uses a global approach, searching for value stocks. The firm tries to identify the most undervalued stocks worldwide, selecting the ones in the strongest markets and hedging any weak currency.

Its fixed-income approach uses interest rate anticipation and currency management. It selects the strongest currencies and manages maturities actively within those bond markets using government bonds.

The asset mix Jan. 1 was 62% stocks, 32% bonds and 6% cash.

Clients include Stanford University, Sony and Holly Sugar.

Barry Gillman, managing director, is the chief investment officer and the client contact.

The firm is a subsidiary of Prudential Insurance Co. of America, which has about $79 billion under management.

The Peckham Boston Co.

4 Longfellow Pl. #3305, Boston, Mass. 02114; (617) 523-4440

Total assets managed	$15,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Fully discretionary	$15,000,000
Real estate assets managed	$15,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	4
Types of accounts managed	CJ
Size of research staff	4

The Peckham Boston Co., a real estate manager, seeks acquisition of income-producing properties yielding market returns with upside potential.

John M. Peckham III, president, is chief investment officer and client contact.

Penmark Investments Inc.

222 N. Dearborn St., Chicago, Ill. 60601; (312) 641-6577

Total assets managed	$365,000,000
Tax-exempt assets managed:	
Total	$217,000,000
Fully discretionary	$217,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	8
Types of accounts managed	CFG
No. of portfolio managers	3
Size of research staff	2

Penmark Investments Inc. handles equity, fixed-income and balanced accounts.

It has two approaches to equity: seeking above-average earnings growth at below-market P/Es and increasing stream of dividends, currently with 7% yield.

Using interest rate anticipation, it actively manages bonds with targeted minimum returns, hedged with options.

The asset mix Jan. 1 was 65% bonds, 25% stocks and 10% cash.

The net gain in new tax-exempt business for 1984 totaled $53 million: $28 million in fixed and $25 million in equities; three tax-exempt clients were added.

Clients include American Airlines, Leclede Steel, Beatrice Foundation and Cook County, Ill.

Richard L. Boggs, executive vice president, is chief investment officer and client contact.

Penreal Advisors Ltd.

Suite 500, 1100 Melville St., Vancouver, British Columbia V6E 4A6; (604) 685-8351

Total assets managed	$57,000,000
Tax-exempt assets managed:	
Total	$57,000,000
Fully discretionary	$57,000,000
U.S. assets managed	$15,000,000
Real estate assets managed	$57,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	37
Types of accounts managed	CU
No. of portfolio managers	2
Size of research staff	2

Penreal Advisors, a Canadian real estate manager, had all its assets under management invested in equity real estate as of Jan. 1.

The firm is the manager of Westpen Properties Ltd., a pooled real estate vehicle for Canadian pension funds.

Penreal is highly performance-oriented with emphasis on market research, opportune acquisitions and intensive property management. Penreal manages $100 million in real estate assets by using leverage when acquiring properties.

Walter R. Badun, chairman and chief executive officer, is chief investment officer; Garth Carefoot, vice president-finance, is client contact.

Pension Management Co.

541 Post Oak Tower, Houston, Texas 77056; (713) 552-1880

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Tax-exempt clients	20
Types of accounts managed	CGJ
No. of portfolio managers	1
Size of research staff	3

Pension Management Co. handles equity, fixed-income and balanced accounts.

It combines sector rotation, Graham & Dodd analysis and market timing in its equity approach.

For fixed income, it uses interest rate anticipation and sector analysis, and invests in convertibles.

John Lee, president, is chief investment officer and client contact.

Pension Portfolio Advisors

25800 Northwestern Highway, Southfield, Mich. 48037; (313) 357-4800

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Tax-exempt clients	24
Types of accounts managed	CGJ
No. of portfolio managers	3
Size of research staff	1

Pension Portfolio Advisors combines a guaranteed account of the parent — Maccabees Mutual Life Insurance Co. — with passive, growth stock and low P/E ratio equity techniques.

The separate accounts employ outside equity managers.

Employing a passive approach, the fixed-income manager uses a new money insurance contract for fixed income.

John F. McCormick, vice president and treasurer, is the chief investment officer. Richard C. VandenBrul, vice president, is the client contact.

The firm is a wholly owned subsidiary of Maccabees.

Peoples National Bank of Washington

P.O. Box 720, Seattle, Wash. 98111; (206) 344-2353

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$150,000,000
International assets managed	$5,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	100
Separate	50
Types of accounts managed	CEFGJ
No. of portfolio managers	3

401(k)

PERFORMANCE.

It makes the difference between just any 401(k) plan and one funded by Connecticut Mutual.

CM Equities, our equities separate account for corporate qualified plans, returned 23.2% over the last three year period. Compare this to the S&P 500 return of 16.6% for the same period.*

Our Guaranteed Investment Contracts are among the most competitive in the industry.

For more information on Connecticut Mutual's investments for 401(k) and other corporate qualified plans, call or write Gary Lineberry, Second Vice President, Group Pension Sales/Marketing, 140 Garden Street, Hartford, CT 06154, (203) 727-6632.

*Cumulative annualized returns for the three year period ended December 31, 1984.

Group Pension Division
140 Garden Street
Hartford, Connecticut 06154
(203) 727-6500

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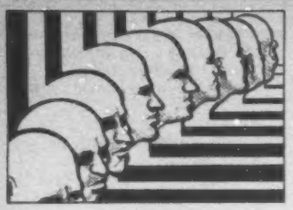

Peoples National Bank of Washington offers equity, balanced, international and real estate capabilities.

For equity, the bank uses a multimanager, multistyle equity concept through six Frank Russell Investment Management Co. funds.

It also uses two of that firm's fixed-income funds.

The asset mix was 45% stocks, 45% bonds and 10% cash.

Alan D. Cooledge is client contact.

Peregrine Capital Management

512 Nicollet Mall, Suite 830, Minneapolis, Minn. 55402; (612) 372-9088

Total assets managed	$465,000,000
Tax-exempt assets managed:	
Total	$369,000,000
Fully discretionary	$369,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	4
Types of accounts managed	CG
No. of portfolio managers	6

Peregrine Capital Management is an equity and fixed-income manager.

The aggressive equity style focuses on emerging growth stocks, special situations and takeovers. Turnarounds play a secondary, but important, role.

Another equity approach is value or contrarian. The value style actively manages highly diversified portfolios (more than 150 issues) by continually buying the most unpopular stocks from a universe of more than 4,000 predominantly domestic common stocks.

In fixed income, it seeks consistency of returns through an active approach using non-traditional securities.

The asset mix Jan. 1 was 30% stocks, 60% bonds and 10% cash.

The firm netted $345 million in tax-exempt business for 1984, $105 million in equities and $240 million in fixed; four tax-exempt clients were added.

Clients include Minnesota and Norwest Corp.

Robert B. Mersky, president, is the chief investment officer. William C. Daniels, senior vice president, is the client contact.

The firm is an independent affiliate of Norwest Corp.

Perkins Capital Management

919 Twelve Oaks Center, 15500 Wayzata Blvd., Wayzata, Minn. 55391; (612) 473-8367

Total assets managed	$15,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$250,000
Tax-exempt clients	15
Types of accounts managed	CEF
No. of portfolio managers	1
Size of research staff	1

Perkins Capital Management Inc., an equity manager, was established Jan. 1.

Its primary equity focus is a search for companies it perceives to be undergoing change that might not have been recognized in the market but might result in higher earnings and a higher P/E ratio.

For fixed-income investments, it seeks maximum income consistent with high quality combined with anticipatory interest rate structure.

Richard W. Perkins, president, is chief investment officer and client contact.

M. Pescatello & Co. Inc.

120 Broadway, New York, N.Y. 10271; (212) 227-5200

Total assets managed	$182,000,000
Tax-exempt assets managed:	
Total	$160,000,000
Fully discretionary	$160,000,000
International assets managed	$8,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

M. Pescatello & Co. Inc., a balanced manager, makes equity investments for the long term, basing decisions on fundamental and Graham & Dodd analysis. The focus is on industries identified as attractive. However, selections rest mainly on analysis of company prospects, and many market segments are represented.

Most of its fixed-income holdings are convertibles. Its approach is the same as for common stock and emphasizes the value of the underlying equity.

The asset mix Jan. 1 was 80% stocks and 20% bonds.

Clients include American Electric Power and Cordis Corp.

Michael Pescatello is the chief investment officer. Edward Pescatello is the client contact.

Petroleum & Resources

201 N. Charles St., Baltimore, Md. 21201; (301) 752-5900

Total assets managed	$249,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$10,000,000
No. of portfolio managers	3
Size of research staff	5

Petroleum & Resources Corp. is an equity manager specializing in energy and natural resources.

Using low P/E stocks and Graham & Dodd analysis in its equity approach, it seeks undervalued securities by concentrating on micro factors affecting segments of energy and resources industries and macro supply-demand and exogenous factors. Preservation of capital, reasonable income and capital appreciation are its goals.

W.D. MacCallan, chairman of the board, is chief investment officer. Monica C. Loh, vice president-investment advisory services, is client contact.

The Adams Express Co. owns 12% of the firm.

Philadelphia National Bank

Broad & Chestnut Streets, Philadelphia, Pa. 19101; (215) 629-3100

Total assets managed	$4,561,000,000
Tax-exempt assets managed:	
Total	$1,098,000,000
Fully discretionary	$768,000,000
Real estate assets managed	$2,000,000
International assets managed	$10,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Commingled	200
Separate	60
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	12

Philadelphia National Bank offers equity, fixed, balanced and international capabilities.

Its equity management goal is maximum long-term capital appreciation through the active management of predominantly small- and medium-cap growth stocks.

In fixed income, it believes portfolios should be actively managed to dampen volatility and maximize return. Sector analysis is used.

Of the tax-exempt assets Jan. 1, $311 million was in commingled and $787 million in separate accounts.

The asset mix was 21% stocks, 69% bonds and 10% cash.

Clients include SPS Technologies, Catalytic and Pennsylvania Hospital.

Research is 70% internally generated; 160 stocks are followed closely and 200, generally.

Mark E. Stalnecker, senior vice president, is the chief investment officer. Donald F. Carey Jr., vice president, is the client contact.

The Philadelphia Saving Fund Society

1234 Market St., Philadelphia, Pa. 19107; (215) 636-6603

Total assets managed	$440,000,000
Tax-exempt assets managed:	
Total	$440,000,000
Fully discretionary	$440,000,000
Real estate assets managed	$440,000,000
Tax-exempt clients	1
Types of accounts managed	G

The Philadelphia Saving Fund Society, a mortgage investment adviser, practices mortgage lending via participating and fixed-rate mortgages on income-producing properties such as office buildings, office/warehouses, shopping centers and apartments on a nationwide basis.

All assets were mortgages in a single account (for the Pennsylvania Employees) Jan. 1.

Edward W. Schmid Jr., vice president, is the client contact.

Phillips, Hager & North Ltd.

Suite 1700, 1055 W. Hastings St., Vancouver, British Columbia V6E 2H3; (604) 684-4361

Total assets managed	$2,264,000,000
Tax-exempt assets managed:	
Total	$2,053,000,000
Fully discretionary	$2,053,000,000
U.S. assets managed	$465,000,000
Real estate assets managed	$110,800,000
International assets managed	$1,316,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	71
Types of accounts managed	CFU
No. of portfolio managers	6
Size of research staff	5

Phillips, Hager & North, a Canadian balanced manager, uses market timing in its equity approach, concentrating on high-quality companies with demonstrated records of high returns on equity.

The firm alters the average maturity of fixed-income portfolios in anticipation of broad changes in interest rates and does sector and arbitrage swaps when attractive.

The asset mix Jan. 1 was 47% Canadian stocks, 26% bonds, 10% cash, 5% mortgages and 12% U.S. stocks.

R.S. Hager, president, is chief investment officer and client contact.

Phoenix Mutual Life Insurance Co.

1 American Row, Hartford, Conn. 06115; (203) 275-5567

Total assets managed	$4,008,000,000
Tax-exempt assets managed:	
Total	$1,031,000,000
Fully discretionary	$1,031,000,000
Real estate assets managed	$69,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Pooled	150
Individual separate	1
GICs	2,000
Types of accounts managed	CG
No. of portfolio managers	5
Size of research staff	4

The Phoenix Mutual Life Insurance Co. offers equity, fixed-income, and real estate capabilities.

Its equity approach combines growth stock, sector rotation and market timing. While its primary goal is appreciation, there is heavy emphasis on loss avoidance.

Its fixed-income approach is based on interest rate anticipation and sector analysis. Active management provides high current yield, with capital growth an important but secondary consideration. Options are used.

For real estate investments, it acquires commercial properties capable of producing high current rate of return while experiencing appreciation in real value. It commits to both existing and to-be-built properties and acquires them at below-market prices. A balance of property types, investment structure, tenant profile and geographic distribution are employed.

As of Jan. 1, tax-exempt clients had $140 million in pooled separate accounts and $13 million in individual separate accounts. The asset mix was 23% stocks, 8% bonds, 24% cash and 45% equity real estate.

GICs accounted for $485 million.

Philip R. Reynolds, senior vice president-investments, is the chief investment officer. Russell Irving, second vice president-group pension marketing, is the client contact.

Phoenix Equity Planning Corp. is its subsidiary.

Pilgrim Baxter Hoyt Greig

2000 Market St., Philadelphia, Pa. 19103; (215) 561-4050

Total assets managed	$320,000,000
Tax-exempt assets managed:	
Total	$320,000,000
Fully discretionary	$320,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	10
Types of accounts managed	CEG
No. of portfolio managers	1
Size of research staff	2

Pilgrim Baxter Hoyt Greig is a growth equity manager with an active approach built around earnings momentum disciplines. A focused fundamental research/investment process is applied to a universe of growth equities encompassing a broad maturity range.

The asset mix Jan. 1 was 85% stocks and 15% cash.

The net gain in new business for 1984 was $150 million; six clients were added.

Clients include Rockwell International, Unocal, Tenneco and Kansas.

Gary L. Pilgrim, partner, is chief investment officer. Harold J. Baxter, managing partner, is client contact.

Pilgrim Management Corp.

222 Bridge Plaza South, Fort Lee, N.J. 07024; (201) 461-7500

Total assets managed	$700,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	50
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	5

Pilgrim Management Corp., an equity manager, focuses on companies that consistently raise their dividends, have strong balance sheets and sell at relatively low P/E ratios.

The asset mix Jan. 1 was 84% stocks, 14% cash and 2% bonds.

William J. Lippman is chief investment officer and client contact.

Pioneering Management

60 State St., Boston, Mass. 02109; (617) 742-7825

Total assets managed	$4,600,000,000
Tax-exempt assets managed:	
Total	$2,100,000,000
Fully discretionary	$2,100,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	66
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	11

Pioneering Management Corp., primarily an equity manager, focuses on selection of individual stocks using a consistent value-oriented research approach with long-term investment horizons.

Fixed-income management stresses preservation of principal and stability of income from high-quality bonds with minimal exposure to long-term markets. Portfolios are managed to the business credit cycle.

The asset mix Jan. 1 was 95% stocks and 5% bonds and cash.

The net gain in new tax-exempt business for 1984 was $102 million in equities; four tax-exempt clients were added.

Research is 90% internally generated; 400 stocks are followed closely and 600, generally.

Paul A. Mullare, executive vice president, is the chief investment officer. Pamela A. Joachimi, is the client contact for equities and Shorman B. Russ, fixed income.

The firm is affiliated with the Pioneer Group Inc.

Pittsburgh National Bank

Fifth Avenue & Wood Street, Pittsburgh, Pa. 15222; (412) 355-4845

Total assets managed	$4,321,000,000
Tax-exempt assets managed:	
Total	$3,246,000,000
Fully discretionary	$2,549,000,000
Real estate assets managed	$35,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	933
Separate	527
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	6

Pittsburgh National Bank offers equity, fixed and balanced capabilities.

Two quantitative equity portfolios are offered: quantitative management systems, a large-capitalization core fund using a disciplined buy/sell approach; and quantitative risk control, a high-beta, smaller cap fund assuring no downside risk.

Anticipating interest rates, its fixed-income management buys and holds intermediate maturity, high-quality current coupon issues.

Of the tax-exempt assets Jan. 1, $191 million was in commingled and $3.1 billion in separate accounts.

The asset mix was 37% stocks, 57% bonds, 5% cash and 1% mortgage-backed securities.

The bank netted $417 million in new tax-exempt business for 1984; 10 tax-exempt clients were added.

Clients include West Virginia, Pennsylvania Teachers, Westinghouse and PPG Industries.

Research is 10% internally generated; 220 stocks are followed closely and 300, generally.

Nicholas Nilsen, vice president and manager-employee benefit department, is chief investment officer. Seth A. Wanetik, vice president and national marketing director, is client contact.

Platner & Associates

924 Turner St., Allentown, Pa. 18102; (215) 821-0160

Total assets managed	$16,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Minimum separate account	$100,000
Tax-exempt clients	6
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	1

Platner & Associates, primarily an equity manager, seeks growth stocks. Fundamental analysis is the cornerstone of its stock selection process. It also places heavy emphasis on asset allocation into various sectors (e.g. consumer stocks vs. energy) as market conditions and psychology change.

Its fixed-income approach is to emphasize high quality with maturities not to exceed 10 years. It also emphasizes diversification of maturities as well as using new vehicles such as zero-coupon bonds.

Robert F. Platner, general partner, is chief investment officer and client contact.

PMRealty Advisors Inc.

700 Newport Center Drive, Newport Beach, Calif. 92660; (714) 640-3000

Total assets managed	$312,000,000
Tax-exempt assets managed:	
Total	$87,000,000
Fully discretionary	$87,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	7
Types of accounts managed	CGJ

PMRealty Advisors Inc., a real estate manager, purchases substantially leased equity real estate in the West, Southwest and growth areas. While maintaining complete control, it manages properties to increase net operating income and, therefore, value. Sell descipline captures maximum value.

United Air Lines, Washington, Boise Cascade and Seattle are among its clients.

Carl A. Mayer Jr., managing director, is the chief investment officer. Pete Hammer, managing director, is the client contact.

Portfolio Capital Management Inc.

2 Fairview Plaza, Suite 610, 5950 Fairview Road, Charlotte, N.C. 28210; (704) 552-0073

Total assets managed	$45,000,000
Tax-exempt assets managed:	
Total	$27,000,000
Fully discretionary	$15,000,000
Minimum separate account	$250,000
Tax-exempt clients	16
Types of accounts managed	CEJ
No. of portfolio managers	2
Size of research staff	1

Portfolio Capital Management Inc., an equity and balanced manager, combines low P/E ratios with quantitative and Graham & Dodd analyses in its equity approach. The firm's computer-based model identifies attrac-

tive stocks, evaluating each security objectively by analyzing growth rates, base earnings, financial quality and alternative opportunities in bonds.

Taking a passive approach, it structures fixed-income portfolios to provide consistent positive returns. Its goal is to reduce portfolio volatility and provide a stable flow of income.

R. Hatten Hodges Jr. is chief investment officer and client contact.

Portfolio Timing Inc.

402 Rainier Bank Building, 11th & Broadway, Tacoma, Wash. 98402; (206) 383-1676

Total assets managed	$6,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$4,000,000
Minimum separate account	$25,000
Tax-exempt clients	92
Types of accounts managed	CE
No. of portfolio managers	1

Portfolio Timing Inc. takes a market timing approach in its investments.

For equities, it uses a proprietary formula, the Money Flow Index, to signal 100% moves between no-load mutual funds and money market funds.

The same proprietary formula signals 100% moves between long- and intermediate-term fixed-income funds and money market funds.

Carl J. Kludt, president, is the chief investment officer.

Potomac Asset Management

5247 Wisconsin Ave. N.W., #5, Washington, D.C. 20015; (202) 364-6900

Total assets managed	$145,000,000
Tax-exempt assets managed:	
Total	$137,000,000
Fully discretionary	$137,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	16
Types of accounts managed	CPGJ
No. of portfolio managers	3
Size of research staff	2

Potomac Asset Management Inc., an equity and balanced manager, has a value-oriented, risk-averse equity style, with a market preference for purchasing positions in two well-defined areas: growth and special situation. Growth stocks account for 55% to 65% of the portfolio.

With a passive approach to fixed income, it prefers to capture the major swings or trends in interest rates rather than engage in numerous short-term trading moves, shortening or lengthening maturities as required.

The asset mix Jan. 1 was 81% stocks, 16% bonds and 3% cash.

The net gain in new tax-exempt business for 1984 was $11 million — $7 million for equities and $4 million for fixed; two tax-exempt clients were added.

Clients include Dynalectron, Operating Engineers, Steamship Trade Association and Southern Engineering.

Research is 30% internally generated; 100 stocks are followed closely and 125, generally.

Peter Ladd Gilsey, president, is the chief investment officer. Robert E. Long is the client contact.

Prescott Asset Management

1 World Trade Center, New York, N.Y. 10048; (212) 938-7000

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$130,000,000
Fully discretionary	$130,000,000
Real estate assets managed	$755,000
Minimum separate account	$250,000
Tax-exempt clients	100
Types of accounts managed	CEPGJ
No. of portfolio managers	9

Prescott Asset Management, formerly Carnegie Capital Advisors, is a balanced manager.

Its equity investment philosophy is value oriented and risk averse. Its objective is to maximize total return, consistent with client risk preferences, through emphasis on both market appreciation and current income. It uses Graham & Dodd analysis.

For fixed income, it adheres to disciplines of yield curve analysis, duration and qualitative analysis, but its emphasis is on yield and interest rate anticipation.

The asset mix Jan. 1 was 62% stocks, 21% bonds and 17% cash.

Tax-exempt clients include Cleveland Builders, Sarasota Firemen, Sarasota Policemen and IBEW Local 38.

Half of its research originates in-house; 200 stocks are followed closely and 400, generally.

Eugene P. Bolter, president, is the chief investment officer. Robert Hosler, diretor of marketing, is the client contact.

The firm is a separate investment advisory division of Prescott Ball & Turben Inc.

T. Rowe Price Associates

100 E. Pratt St., Baltimore, Md. 21202; (301) 547-2000

Total assets managed	$16,000,000,000
Tax-exempt assets managed:	
Total	$7,220,000,000
Fully discretionary	$7,090,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	166
Types of accounts managed	CEPGJ
No. of portfolio managers	16
Size of research staff	28

T. Rowe Price Associates Inc. handles equity, fixed-income and balanced and international accounts.

The firm favors equity investments in major growth, smaller growth and natural resource companies, adjusting its proportional holdings in each with changes in its forecasts for the investment environment.

For fixed income, it emphasizes interest rate analysis, economic research, credit and value analysis and sector trades to provide high current income with preservation of principal.

It recently established the T. Rowe Price Realty Income Fund I, a no-load limited partnership that seeks a solid hedge against inflation and a steady stream of income and capital growth through appreciation in property value.

The asset mix Jan. 1 was 70% stocks, 20% bonds, 7% cash and 3% convertibles.

Research is 80% to 90% internally generated; 250 stocks are followed closely and 350, generally. Options are used.

Thomas H. Broadus, vice president and director, is chief investment officer. Charles H. Salisbury Jr., vice president and director, is client contact.

T. Rowe Price Trust Co. is a wholly owned subsidiary of the firm.

Rowe Price-Fleming International Inc.

100 E. Pratt St., Baltimore, Md. 21202; (301) 547-2141

Total assets managed	$970,000,000
Tax-exempt assets managed:	
Total	$943,000,000
Fully discretionary	$943,000,000
International assets managed	$943,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	20
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	45

Rowe Price-Fleming International, an international manager, bases its active asset allocation style on fundamental research.

An equity-oriented manager, its fixed-income investments are purely tactical.

The asset mix Jan. 1 was 93% stocks and 7% bonds.

Clients include IBM, GTE, The Common Fund and Atlantic Richfield.

Research is 95% internally generated; 1,550 stocks are followed closely and 2,500, generally.

Martin G. Wade, president, is chief investment officer.

Philippa B. Grant, vice president, is client contact.

The firm is a joint venture between Robert Flemings Holdings Ltd. and T. Rowe Price Associates.

PRIMCO Capital Management Inc.

535 Brown & Williamson Tower, Louisville, Ky. 40202; (502) 589-2011

Total assets managed	$0
Minimum separate account	$10,000,000
Types of accounts managed	CGJ
No. of portfolio managers	4

PRIMCO Capital Management Inc., a fixed-income manager specializing

When Burroughs computed a need for a Master Trust, who did they bring on line?

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As with every Harris Master Trust, we committed a team of professionals to the Burroughs account. A team that developed and continues to maintain a thorough knowledge of Burroughs' business. To understand their needs. And anticipate their changes.

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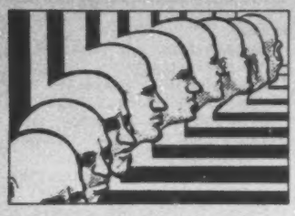

in discretionary management of GICs, opened April 1.

Its approach employs discretionary management of insurance contract assets, including GIC purchases and sales, renegotiations, annuity buy-outs and dedicated portfolios.

PRIMCO Capital Management is an affiliate of INVESCO Capital Management, Atlanta.

Vernon S. Hodge is the chief investment officer and client contact.

PRIMECAP Management Co.

225 S. Lake Ave., Pasadena, Calif. 91101; (818) 304-9222

Total assets managed	$231,000,000
Tax-exempt assets managed:	
Total	$231,000,000
Fully discretionary	$231,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	9
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	1

PRIMECAP Management Co. is a value-oriented equity manager with a focus on long-term growth of capital. Value, quality, a long-term horizon, flexibility and internal fundamental research are the major concepts of its approach.

The asset mix Jan. 1 was 96% stocks and 4% cash.

The net gain in new tax-exempt business for 1984 was $162 million.

Clients include Rockwell, GTE, Burroughs and Boeing.

Half of its research originates in-house; 200 stocks are followed closely and 1,000, generally.

Howard B. Schow, chairman, is the chief investment officer. Mitchell J. Milias, president, is the client contact.

Professional Asset Management Inc.

3 Corporate Square, Suite 325, Atlanta, Ga. 30338; (404) 320-1666

Total assets managed	$42,000,000
Tax-exempt assets managed:	
Total	$16,000,000
Fully discretionary	$15,500,000
Minimum separate account	$150,000
Tax-exempt clients	40
Types of accounts managed	CF
No. of portfolio managers	1

Professional Asset Management Inc., an equity and fixed-income manager, uses Graham & Dodd analysis in its equity approach. Stocks are purchased when the value of the shares does not reflect the worth of the company and the reason for the undervaluation is clearly understood.

Relying on sector analysis, it manages fixed-income funds without regard to the interest rate except at market extremes. Lower rated bonds are purchased when off-balance sheet assets are present.

The asset mix Jan. 1 was 60% stocks, 15% bonds and 25% cash.

The net gain in new tax-exempt business for 1984 was $2 million; eight tax-exempt clients were added.

Clients include Livingston Foundation, Central Truck Parts and American Technical Services.

Three-quarters of the research is generated internally; 40 stocks are followed closely and 75, generally.

Marc Heilweil, president, is the chief investment officer. Brenda Dorrien, administrative vice president, is the client contact.

Property Capital Advisors

200 Clarendon St., Boston, Mass. 02116; (617) 536-8600

Total assets managed	$260,000,000
Tax-exempt assets managed:	
Total	$210,000,000
Fully discretionary	$210,000,000
Real estate assets managed	$210,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	45
Types of accounts managed	CEF

Property Capital Advisors is a real estate manager.

The firm's philosophy is to invest in a diversified portfolio of major income-producing properties. Through these investments, it seeks high initial returns and inflation protection through increasing current returns and capital values.

The net gain in new tax-exempt business was $40 million in 1984, during which five clients were added.

Harvard University, U.S. Steel, Massachusetts Institute of Technology and the World Bank are among the firm's 45 tax-exempt clients.

Anthony D. Fox, senior vice president, is chief investment officer; Robert M. Armstrong, senior vice president and treasurer, is the client contact.

Provident Bank — Trust Department

1 E. Fourth St., Cincinnati, Ohio 45202; (513) 579-2074

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Fully discretionary	$120,000,000
Minimum separate account	$250,000
Types of accounts managed	CEFJ
No. of portfolio managers	3

Provident Bank's Trust Department offers equity, fixed-income and balanced capabilities.

Its equity approach uses sector rotation of large-cap, low P/E stocks.

For fixed income, it relies on interest rate anticipation.

Of the tax-exempt assets Jan. 1, $30 million was in commingled and $90 million in separate accounts.

The asset mix was 50% stocks, 40% bonds and 10% cash.

Cincinnati Bell, Ohio Valley Carpenters, Kindervelt Cardiovascular Institute and Cincinnati Print Graphics Union are among its clients.

Research is 5% internally generated; 100 stocks are followed closely. Options are used.

Ray Steele, trust officer, is the chief investment officer. Hal Andress is the client contact.

Provident Capital Management Inc.

30 S. 17th St., Philadelphia, Pa. 19103; (215) 561-6000

Total assets managed	$1,539,000,000
Tax-exempt assets managed:	
Total	$1,589,000,000
Fully discretionary	$1,325,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	80
Types of accounts managed	CEGJ
No. of portfolio managers	8
Size of research staff	1

Provident Capital Management Inc., primarily an equity manager, invests in stocks with low P/Es whose earnings estimates are improving and where other value measures indicate undervaluation. Intensive fundamental analysis validates a stock's outlook prior to purchase.

For fixed income, it invests in intermediate maturity issues with high yields; credit analysis and intersector trading are used to avail accounts of value available in mispriced assets.

The tax-exempt asset mix Jan. 1 was 77% stocks, 12% bonds and 11% cash.

The firm netted $260 million in new tax-exempt business for 1984 — $256 million in equities and $4 million in fixed; 10 clients were added.

Clients include Westinghouse, New York City Employees, Boeing and AT&T.

Research is 75% internally generated; 75 stocks are followed closely and 600, generally.

W. Anthony Hitschler, president, is the chief investment officer. M. Andrew Sheffler, director of marketing, and Diane M. Kagel, investment officer, are the client contacts.

The firm is owned by PNC Financial Corp., owner of Pittsburgh National and Provident National Banks and PIMC, a mutual fund company.

International investment management will be reviewed in the June 24 issue of *Pensions & Investment Age*.

Provident Investment Counsel

225 S. Lake, Suite 1001, Pasadena, Calif. 91101; (818) 449-8500

Total assets managed	$1,100,000,000
Tax-exempt assets managed:	
Total	$1,000,000,000
Fully discretionary	$1,000,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	42
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	4

Provident Investment Counsel, an equity and balanced manager, has a "flexible growth phase" equity management style. It invests in companies with superior financial characteristics that are experiencing accelerated earnings growth.

Its fixed-income approach is "interest rate trend recognition and confirmation." The use of various analytical techniques and technical tools, rather than precise interest rate forecasting, determines asset allocation and maturity distribution.

The asset mix Jan. 1 was 80% stocks, 5% bonds and 15% cash.

Clients include Dresser, Kansas, Johnson & Higgins and Fluor.

Research is 60% internally generated; 60 stocks are followed closely and 150, generally.

Robert M. Kommerstad, chairman of the board, is the chief investment officer. Jeff J. Miller, executive vice president, is the client contact.

Provident Mutual Life Insurance Co.

1600 Market St., Philadelphia, Pa. 19103; (215) 636-5000

Total assets managed	$347,000,000
Tax-exempt assets managed:	
Total	$347,000,000
Tax-exempt clients	680
Types of accounts managed	CGJ
No. of portfolio managers	12

Provident Mutual has equity, fixed-income and balanced capabilities.

Its equity approach is based on low P/E stocks, and its fixed-income approach on interest rate anticipation.

GICs accounted for $104 million.

The asset mix Jan. 1 was 15% stocks, 75% bonds, 5% cash and 5% mortgages.

Leonard McCandless, senior vice president, is the chief investment officer. John F. Muller, director of pension marketing, is the client contact.

W.H. Newbold's is a subsidiary.

Provident National Assurance Co.

Fountain Square, Chattanooga, Tenn. 37402; (615) 755-1874

Total assets managed	$1,658,000,000
Tax-exempt assets managed:	
Total	$1,504,000,000
Fully discretionary	$1,504,000,000
Tax-exempt clients:	
GICs	400
Other	4,200
Types of accounts managed	CGJ
No. of portfolio managers	2
Size of research staff	2

Provident National offers equity and fixed-income capabilities.

Its fundamental equity approach is to invest in companies that promise long-term, above-average growth in earnings and dividends when the stocks are undervalued, taking risk in line with the market.

For fixed income, existing portfolios are managed actively to increase net present value after tax flow. Portfolios are structured to appropriately match liability characteristics.

Of the tax-exempt assets under management Jan. 1, $57 million was in pooled separate accounts. The asset mix was 69% stocks and 31% bonds.

GICs accounted for $1.08 billion.

Clients include Conoco, K mart, AT&T and Burroughs.

John H. Van Wickler, senior vice president and treasurer of the Provident Life & Accident Insurance Co., is chief investment officer. John Boeschen, assistant vice president-pension marketing, is client contact.

P&I Age will report on small and medium-sized pension funds in the June 10 issue.

The Prudential Asset Management Co. Inc.

745 Broad St., Newark, N.J. 07101; (201) 877-3735

Total assets managed	$34,189,000,000
Tax-exempt assets managed:	
Total	$34,189,000,000
Fully discretionary	$34,189,000,000
Real estate assets managed	$6,065,000,000
Minimum separate account	$10,000,000
Tax-exempt clients:	
Pooled	541
Individual separate	18
GICs	580
Other	3,362
Types of accounts managed	CEFGJ
No. of portfolio managers	23
Size of research staff	78

Prudential Asset Management Co. Inc. provides equity, fixed-income, balanced, real estate and, through affiliate PCM International, international capabilities.

Its equity approach combines low P/E stocks and quantitative analysis. Portfolios are managed using a value-oriented, quantitative, disciplined approach. The firm also offers passive management.

For fixed-income management, it concentrates on a disciplined structured approach. Its risk control strategies include dedication/immunization, laddered-maturity and indexed bond accounts.

PRUDENTIAL REALTY GROUP seeks prime locations, invests in quality properties, conducts in-depth buy/sell analyses, and provides creative, aggressive property management for its diversified, open-end PRISA account and specialized, closed-end PRACE accounts.

Of the tax-exempt assets Jan. 1, $12 billion was in pooled separate accounts and $3.9 billion was in individual separate accounts.

The asset mix was 25.4% stocks, 30.3% bonds, 6.1% cash, 37% equity real estate and 1.2% mortgages.

GICs accounted for $4.5 billion.

The firm generates about two-thirds of its research internally; 500 stock are followed closely and 1,000, generally. The firm uses options, stock index futures and fixed-income futures.

Clients include Sony, AT&T, Boeing and Crown Zellerbach.

Garnett L. Keith, vice chairman of the Prudential Insurance Co. of America, is the chief investment officer. James H. Gately, senior vice president, is the client contact.

Mercator Asset Management Inc. is a subsidiary.

Prudential Assurance Co. Ltd. Pension Fund Management

Suite 300, 141 Adelaide St. W., Toronto, Ontario M5H 3L9; (416) 362-4441

Total assets managed	$2,230,000,000
Tax-exempt assets managed:	
Total	$340,000,000
Fully discretionary	$275,000,000
U.S. assets managed	$50,000,000
International assets managed	$10,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	78
Types of accounts managed	C
No. of portfolio managers	6

Prudential Assurance Co. Ltd. Pension Fund Management, a Canadian firm, is an equity, fixed-income, balanced and real estate manager.

In its equity approach, Prudential Assurance concentrates on marketable Canadian stocks, weights industries against index subgroups, is fundamentalist in selection and an active trader. The construction and activity of its U.S. stock portfolio is heavily dependent on quantitative analysis.

The firm concentrates on high-quality, marketable bonds. Portfolios are well diversified and very actively traded. The average term is managed aggressively, reflecting business and interest rate expectations.

In real estate, the firm is syndicating ownership in individual properties in major Canadian city centers to pension funds.

The asset mix Jan. 1 was 35% Canadian stocks, 40% bonds, 5% cash, 15% mortgages and 5% U.S. stocks.

Ten percent of research is generated internally; 75 stocks are followed closely and 150, generally.

Eight clients are pension funds of subsidiaries of U.S. firms.

D.W. Parkin, senior vice president, is the chief investment officer; K. Kukkonen, manager-pension sales, is the client contact.

The Prudential Bache Investment Advisory Service

199 Water St., New York, N.Y. 10292; (212) 214-1412

Total assets managed	$7,100,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$10,000,000
International assets managed	$70,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	6
Types of accounts managed	CEFG
No. of portfolio managers	13
Size of research staff	5

The Prudential Bache Investment Advisory Service is a fixed-income firm specializing in fee-based advisory work based on yield curve and spread analysis for money, bond and mortgage market participants.

All assets were in cash Jan. 1.

The firm netted $50 million in tax-exempt business for 1984.

Margaret Kelleher and Robert Quinn, vice presidents and managers, are the client contacts.

The advisory service operates within Prudential-Bache Securities, a wholly owned subsidiary of Prudential Insurance Co.

James Punderson & Co. Inc.

109 Central Ave., Island Heights, N.J. 08732; (201) 929-1485

Total assets managed	$14,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Tax-exempt clients	18
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	2

James Punderson & Co. Inc., a fixed-income manager, seeks special situation junk bonds. Actively trading a diversified portfolio of high-yield, discount, low-grade corporate bonds, it looks for high probability of capital gain through fundamental improvement of the issuing company.

The asset mix Jan. 1 was 95% bonds and 5% cash.

Seven tax-exempt clients were added last year.

James Punderson IV, president, is chief investment officer. George A. Orsi, vice president, is client contact.

The Putnam Advisory Co. Inc.

1 Post Office Square, Boston, Mass. 02109; (617) 292-1200

Total assets managed	$5,461,000,000
Tax-exempt assets managed:	
Total	$5,424,000,000
Fully discretionary	$5,272,000,000
International assets managed	$379,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	109
Types of accounts managed	CEFGJ
No. of portfolio managers	21
Size of research staff	26

The Putnam Advisory Co. Inc. handles equity, fixed-income, balanced and international accounts.

Its equity approch seeks growth stocks; it uses interest rate anticipation for fixed income.

The asset mix Jan. 1 was 56% stocks, 35% bonds and 9% cash.

The firm had a $342.6 million net loss in tax-exempt business for 1984; 11 tax-exempt clients were added.

Research is 75% internally generated; 250 to 300 stocks are followed closely and 1,400, generally. Options are used.

Charles E. Porter, executive vice president, is the chief investment officer.

John A. Sommers, president, is the client contact.

Putnam is a wholly owned subsidiary of Marsh & McLennan Cos. Inc.

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State, local, provincial gov'ts.
J: Jointly trusteed
U: Unions (Canadian advisers only)

q

Qualified Counseling Inc.

46 Prince St., Rochester, N.Y. 14607; (716) 461-9130

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$60,000,000
Real estate assets managed	$5,000,000
Minimum separate account	$200,000
Tax-exempt clients	190
Types of accounts managed	CEF
No. of portfolio managers	3

Qualified Counseling Inc. takes a conservative top-down economic approach to equity investments, selecting undervalued industries within which specific stocks are chosen.

The top-down approach also is used to develop the interest rate scenario and sector analysis for the balanced manager's fixed-income decisions.

The net gain in new tax-exempt business for 1984 was $20 million, in fixed income.

The firm follows 30 stocks closely and 250, generally.

Fred C. Gregory, president, is the chief investment officer. Norman C. Hughes, chairman of the board, is the client contact.

Qualivest Capital Management Inc.

P.O. Box 2758, Portland, Ore. 97208; (503) 225-6806

Total assets managed	$637,000,000
Tax-exempt assets managed:	
Total	$429,000,000
Fully discretionary	$352,000,000
International assets managed	$1,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	263
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	5

Qualivest Capital Management Inc. handles equity, fixed-income and balanced accounts.

The firm uses three contrarian strategies in each equity portfolio, investing in obscure companies, depressed companies and depressed industries for consistently superior returns and lower risk exposure. Emerging growth, low P/E and Graham & Dodd analysis are used.

Employing sector analysis, its fixed-income strategy emphasizes risk aversion through use of high-quality securities and broad diversification. It adds value by knowing the appropriate time to assume or lessen the risk in the portfolio.

The asset mix Jan. 1 was 46% stocks, 24% bonds and 30% cash.

Southwest Forest Industries, Blue Cross/Blue Shield of Oregon, U.S. Bancorp and Spokane, Wash., are among its tax-exempt clients.

Research is 30% internally generated; 200 stocks are followed closely and 600, generally.

Gary K. Sweitzer is the chief investment officer. Kim McCarrel, account manager, is the client contact.

The firm is a subsidiary of U.S. Bancorp.

Quest Advisory Corp.

1414 Avenue of the Americas, New York, N.Y. 10019; (212) 486-1445

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$232,000,000
Fully discretionary	$232,000,000
Tax-exempt clients	10
Types of accounts managed	CFG
No. of portfolio managers	2
Size of research staff	2

Quest Advisory Corp., an equity manager, specializes in small companies ($200 million market capital and less) bought using a value-oriented method. Graham & Dodd analysis is used.

The asset mix Jan. 1 was 90% stocks and 10% cash.

Oregon, Safeway, World Bank and Xerox are among its clients.

Research is 90% internally generated; 200 stocks are followed closely and 500, generally.

Charles M. Royce, president, is chief investment officer. Thomas R. Ebright, vice president, is client contact.

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RAC Advisors Inc.

4000 Town Center, Suite 101, Southfield, Mich. 48075; (313) 358-2282

Total assets managed	$5,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$3,000,000
Minimum separate account	$100,000
Tax-exempt clients	4
Types of accounts managed	CF
No. of portfolio managers	2

RAC Advisors Inc., a balanced manager, searches for growing businesses with understated assets and low institutional followings or that are out-of-favor with other analysts in its equity approach. Graham & Dodd analysis is used.

For fixed income, the balanced manager diversifies maturities, generally less than 10 years, to obtain the optimum mix of competitive yield with preservation of principal value.

The asset mix Jan. 1 was 50% stocks, 45% bonds and 5% cash.

Clients are Helen L. DeRoy Foundation, Quantum Fund Inc., Bauervic-Carroll Foundation and Rodecker.

Half its research originates in-house; 50 stocks are followed closely and 200, generally. Options are used rarely.

Arthur D. Rodecker, chairman, is chief investment officer. Cary J. Polevoy, president, is client contact.

The firm is a wholly owned subsidiary of Rodecker & Co. Investment Brokers.

Rainier National Bank

P.O. Box 3966, Seattle, Wash. 98124; (206) 621-4387

Total assets managed	$1,666,000,000
Tax-exempt assets managed:	
Total	$973,000,000
Fully discretionary	$973,000,000
Real estate assets managed	$42,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	678
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	4

Rainier National Bank offers equity, fixed-income, balanced and real estate capabilities.

Its equity approach combines market timing with sector rotation.

For fixed income, it uses interest rate anticipation and sector analysis.

Its real estate strategy focuses on quality properties in strong growth areas, diversifying in geographic and occupancy type, with three- to five-year leases to ensure stable growth.

Of the tax-exempt assets Jan. 1, $348 million was in commingled and $625 million in separate accounts.

The asset mix was 24% stocks, 68% bonds, 2% equity real estate, 3% mortgages and 3% other.

Five percent of research is generated internally; 230 stocks are followed closely. Options are used.

John Baker, senior vice president and group manager-trust investments, is the chief investment officer. Ben Fletcher, vice president and manager, is the client contact.

Rampart Investment Management Co. Inc.

50 Federal St., Boston, Mass. 02110; (617) 423-1171

Total assets managed	$245,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$140,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	4
Types of accounts managed	CEG
No. of portfolio managers	3

Rampart Investment Management Co. Inc., an options manager, had all of its tax-exempt assets in options Jan. 1.

It gained all its tax-exempt business last year.

Vermont State Employees, Norton Co., Vermont State Teachers and Oberlin College are its clients.

Ten percent of research is generated internally; 200 stocks are followed closely and 390, generally.

Ronald M. Egalka, president and managing director, is the chief investment officer. David R. Fraley, managing director, is the client contact.

Ramsay & Ellsworth Inc.

800 Holly Sugar Building, Colorado Springs, Colo. 80903; (303) 473-6925

Total assets managed	$17,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Minimum separate account	$100,000
Tax-exempt clients	22
Types of accounts managed	CF
No. of portfolio managers	2

Ramsay & Ellsworth Inc., a balanced manager, attempts to purchase undervalued growth stocks and retain them until they are overvalued, or until above-average performance ceases. It uses market timing and Graham & Dodd analysis.

Fixed-income securities are purchased to increase overall return by purchasing quality, discount short- to-medium-term maturities with emphasis on yield to maturity.

The asset mix Jan. 1 was 53% stocks, 23% bonds and 24% cash.

The firm follows 75 stocks closely and 200, generally.

D. Bruce Ellsworth is the chief investment officer. Robert H. Ramsay is the client contact.

Gerald L. Ray & Associates

5601 N. MacArthur, Suite 200, Irving, Texas 75038; (214) 255-2168

Total assets managed	$253,000,000
Tax-exempt assets managed:	
Total	$94,000,000
Fully discretionary	$94,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	75
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	2

Gerald L. Ray & Associates Inc., an equity and balanced manager, takes a value approach to equity, concentrating on the total return concept of investment income. Graham & Dodd analysis is used.

It tries to fully use the short-to-intermediate, above-average quality sector of the fixed-income market, finding yields there more attractive than farther out on the yield curve.

The asset mix Jan. 1 was 55% stocks, 30% bonds and 15% cash.

The net gain in new tax-exempt business for 1984 totaled $30 million: $20 million in equities and $10 million in fixed; 30 tax-exempt clients were added.

Clients include Zale and Haggar.

Half its research originates in-house; 60 stocks are followed closely and 50 to 70, generally.

Gerald L. Ray, president, is the chief investment officer. Charles T. Gideon is the client contact.

Rea, Nelson & Staight Inc.

525 University Ave., Suite 810, Palo Alto, Calif. 94301; (415) 326-0166

Total assets managed	$90,000,000
Tax-exempt assets managed:	
Total	$18,000,000
Fully discretionary	$18,000,000
Minimum separate account	$500,000
Tax-exempt clients	11
Types of accounts managed	CJ
No. of portfolio managers	3
Size of research staff	1

Rea, Nelson & Staight Inc., a balanced manager, looks for basic value in equity groups it thinks are favored based on its economic analysis and investment strategy. Graham & Dodd analysis is used.

In fixed income, it uses U.S. government issues exlusively. It concentrates on using the right maturities and anticipating interest rates.

The asset mix Jan. 1 was 45% stocks, 40% bonds and 15% cash.

The net gain in new tax-exempt business for 1984 totaled $4 million, evenly split between equities and fixed income. Four tax-exempt clients were added.

Three-fourths of research is generated internally; 80 stocks are followed closely and 100, generally. The firm uses options.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Securities. The offer is made only by the Prospectus.

1,200,000 Shares

People Express Airlines, Inc.

Series B $2.50 Cumulative Convertible Preferred Stock

The Series B Preferred Stock is convertible at any time, unless previously redeemed, into the Company's Common Stock at the rate of 2.5 shares of Common Stock for each share of Series B Preferred Stock, subject to adjustment in certain events.

Price $25 a Share

Copies of the Prospectus may be obtained in any State from only such of the undersigned as may legally offer these Securities in compliance with the securities laws of such State.

MORGAN STANLEY & CO. Incorporated — *HAMBRECHT & QUIST Incorporated*

BEAR, STEARNS & CO. — *ALEX. BROWN & SONS Incorporated* — *DILLON, READ & CO. INC.*

DONALDSON, LUFKIN & JENRETTE Securities Corporation — *DREXEL BURNHAM LAMBERT Incorporated*

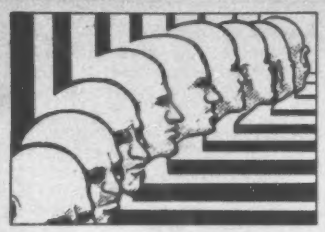
KIDDER, PEABODY & CO. Incorporated — *LAZARD FRERES & CO.* — *MERRILL LYNCH CAPITAL MARKETS*

MONTGOMERY SECURITIES — *PRUDENTIAL-BACHE Securities* — *ROBERTSON, COLMAN & STEPHENS*

L. F. ROTHSCHILD, UNTERBERG, TOWBIN — *SHEARSON LEHMAN BROTHERS INC.*

SMITH BARNEY, HARRIS UPHAM & CO. Incorporated — *WERTHEIM & CO., INC.* — *DEAN WITTER REYNOLDS INC.*

April 15, 1985



Philip S. Nelson, president, is the chief investment officer. Suanne M. Rama, principal, is the client contact.

Reams Asset Management

P.O. Box 666, Columbus, Ind. 47202; (812) 372-6606

Total assets managed	$505,000,000
Tax-exempt assets managed:	
Total	$505,000,000
Fully discretionary	$505,000,000
International assets managed	$15,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	2
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	5

Reams Asset Management Co. Inc. manages equity and fixed income accounts.

Incorporating a strong low P/E bias, it uses a bottom-up, value-oriented approach to equity. Portfolios usually are fully invested with a general avoidance of market timing strategies.

Fixed-income portfolios are structured to anticipate the business and interest rate cycles and secular economic trends. Heavy emphasis is placed on credit analysis and relative valuation.

The asset mix Jan. 1 was 62% stocks, 37% bonds and 1% cash.

The net gain in new tax-exempt business for 1984 was $50 million in equities from one new client.

Cummins Engine and Eli Lilly are its tax-exempt clients.

Three-fourths of research is generated internally; 200 stocks are followed closely and a rotating 200, generally.

Fred. W. Reams, president, is chief investment officer and client contact.

W.H. Reaves & Co. Inc.

30 Montgomery St., Jersey City, N.J. 07302; (212) 422-1433

Total assets managed	$223,000,000
Tax-exempt assets managed:	
Total	$223,000,000
Fully discretionary	$223,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	16
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	4

Equity manager W.H. Reaves & Co. Inc. takes a fundamental value approach limited to common stocks in the utility industries, with active, opportunistic management of accounts.

The asset mix Jan. 1 was 91% stocks and 9% cash.

The net gain in new tax-exempt business for 1984 was $76 million; two tax-exempt clients were added.

Allegheny International, Allegheny Ludlum Steel, Transco Energy and Public Service Electric & Gas are among its tax-exempt clients.

All its research originates in-house; 100 stocks are followed closely.

William H. Reaves, president, is chief investment officer and client contact.

Redwood Capital Management Inc.

131 E. Redwood St., Baltimore, Md. 21202; (301) 727-8080

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$385,000,000
Fully discretionary	$385,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	45
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	5

Redwood Capital Management Inc., an equity and balanced manager, uses a quantitative model for avoiding risk in equities and takes a top-down approach to analysis for identifying favorable industries and sectors.

Its bond management is approached from its interest rate outlook. High-quality marketable issues are used.

The firm uses options.

The tax-exempt asset mix Jan. 1 was 74% stocks, 14% bonds and 12% cash.

Clients include Fruehauf and Genstar.

William J. Heffner is chief investment officer and client contact.

The firm is affiliated with Maryland National Corp.

Reed Monahan Nicholishen Investment Counsel Inc.

20 Victoria St., Suite 705, Toronto, Ontario M5C 2N8; (416) 365-0038

Total assets managed	$140,000,000
Tax-exempt assets managed:	
Total	$135,000,000
Fully discretionary	$135,000,000
U.S. assets managed	$105,000,000
International assets managed	$11,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	12
Types of accounts managed	CF
No. of portfolio managers	3

Reed Monahan Nicholishen Investment Counsel Inc., a Canadian firm has equity, fixed-income and balanced capabilities.

In selecting equities, the firm emphasizes companies with market capitalization of less than $300 million.

Interest rate anticipation is used in fixed income, concentrating on identifying where the firm should be on the maturity spectrum.

The asset mix Jan. 1 was 50% Canadian stocks, 30% bonds, 10% cash and 10% U.S. stocks.

Sixty percent of research is generated internally; 60 stocks are followed closely.

The three principals are the chief investment officers; Donald F. Reed is the client contact.

Regan Money Managers

3500 W. 80th St., Suite 195, Minneapolis, Minn. 55431; (612) 835-1185

Total assets managed	$42,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$10,000,000
International assets managed	$2,000,000
Minimum separate account	$500,000
Tax-exempt clients	18
Types of accounts managed	CFJ
No. of portfolio managers	2

Regan Money Managers, a balanced manager, combines value and market timing in its equity approach. It sees an evolving shift from an earnings-driven to a discount rate-driven market and emphasizes companies with high and improving inflation adjusted ROI vs. cost of capital. Graham & Dodd analysis is used.

It uses interest rate anticipation in its fixed-income approach.

Regan uses options, stock index futures and fixed-income futures.

Its tax-exempt asset mix Jan. 1 was 58% stocks, 35% bonds and 7% cash.

Robert M. Regan, president, is chief investment officer and client contact.

Reich & Tang Inc.

100 Park Ave., New York, N.Y. 10017; (212) 370-1170

Total assets managed	$704,000,000
Tax-exempt assets managed:	
Total	$606,000,000
Fully discretionary	$606,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	31
Types of accounts managed	CEF
No. of portfolio managers	6

Reich & Tang Inc., an equity manager, focuses on companies with low P/E ratios, limited downside risk and above-average growth potential.

The asset mix Jan. 1 was 84% stocks, 3% bonds and 13% cash.

The net gain in new tax-exempt business for 1984 totaled $79 million — $63 million in equities and $16 million in fixed; five tax-exempt clients were added.

Clients include General Mills, Hughes Aircraft, Henry J. Kaiser Foundation and University of North Carolina.

Research is 80% internally generated; 50 stocks are followed closely and 100, generally.

Robert F. Hoerle is chief investment officer and executive vice president. Joseph H. Reich, president, is the client contact.

Reimer & Koger Inc.

8500 W. 63rd St., Shawnee Mission, Kan. 66202; (913) 236-6700

Total assets managed	$721,000,000
Tax-exempt assets managed:	
Total	$656,000,000
Fully discretionary	$656,000,000
Real estate assets managed	$40,000,000
International assets managed	$10,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	73
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	1

Reimer & Koger Inc. handles equity, fixed-income and balanced accounts.

It actively manages funds opportunistically in focused themes that represent economic changes in the marketplace. Its equity approach combines emerging growth, quantitative analysis, sector rotation and market timing.

In fixed-income, it is a risk-averse manager that follows a duration-oriented approach. Interest rate anticipation is used.

The asset mix Jan. 1 was 30% stocks, 36% bonds, 27% cash and 7% mortgage-backed securities. The firm had $10 million in international equities for U.S. tax-exempt clients.

Reimer & Koger netted $34 million in new tax-exempt business for 1984 — $20 million in equities and $14 million in fixed; it added two clients.

Clients include Kansas, Marion Labs and Walter Kidde.

One-fifth of research is generated internally; 100 stocks are followed closely and 400, generally. The firm uses options, stock index futures and fixed-income futures.

Ron Reimer, managing director, is the chief investment officer. Thomas J. Bash, managing director, is the client contact.

Reiser-Builder Inc.

7 Piedmont Center, Suite 721, Atlanta, Ga. 30305; (404) 233-9341

Total assets managed	$32,000,000
Tax-exempt assets managed:	
Total	$23,000,000
Fully discretionary	$15,000,000
Minimum separate account	$500,000
Tax-exempt clients	17
Types of accounts managed	CE
No. of portfolio managers	2
Size of research staff	1

Reiser-Builder Inc., a balanced manager specializing in options, combines growth stock, emerging growth and quantitative analysis in its equity approach. It prefers medium-sized growth companies, with emphasis on Southeastern companies.

For fixed income, it relies on interest rate anticipation.

The asset mix Jan. 1 was 57% stocks, 30% bonds, 12% cash and 1% venture capital and options.

Research is 80% internally generated; 100 stocks are followed closely and 150 to 200, generally. The firm also uses stock index futures.

Clients include Daniel International, Equifax and John Wieland Homes.

Robert E. Reiser Jr., president, is the chief investment officer and client contact.

Renaissance Investment Management Inc.

20 W. Ninth St., Cincinnati, Ohio 45202; (513) 579-9800

Total assets managed	$233,000,000
Tax-exempt assets managed:	
Total	$166,000,000
Fully discretionary	$121,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	104
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	1

Renaissance Investment Management Inc., managing equity and balanced accounts, employs a proprietary, computer-based, asset allocation decision-making model to objectively determine the relative attractiveness of cash equivalents, bonds and equities. Large-cap, readily marketable securities are stressed.

The asset mix as of Jan. 1 was 100% bonds.

Clients include J.M. Smucker, Taft Broadcasting and Kroger.

All research is in-house; 200 stocks are followed closely and 400, generally.

Frank W. Terrizzi, managing director, is the chief investment officer. Mr. Terrizzi and S. William Miller, managing director, are the client contacts.

Daniel H. Renberg & Associates Inc.

8383 Wilshire Blvd., Suite 926, Beverly Hills, Calif. 90211; (213) 852-0800

Total assets managed	$137,000,000
Tax-exempt assets managed:	
Total	$70,000,000
Fully discretionary	$63,000,000
Minimum separate account	$500,000
Tax-exempt clients	37
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	1

Daniel H. Renberg & Associates Inc., an equity manager, invests portfolios in equal amounts of emerging growth companies, core-growth (larger capitalization) companies and low P/E and special situation companies. Market timing is used.

The asset mix Jan. 1 was 95% stocks and 5% cash.

The firm had a net gain in tax-exempt assets of $3.4 million last year; it added five clients.

Armstrong & Hirsch; Gibson, Dunn & Crutcher; Milbank Mutual Insurance Co.; and R.A. Rowan Co. are among its clients.

Research is 15% internally generated; 60 stocks are followed closely and 200, generally. It uses options.

Daniel H. Renberg, president, is chief investment officer and client contact.

RepublicBank Trust/Dallas

P.O. Box 241, Dallas, Texas 75221; (214) 922-3593

Total assets managed	$6,800,000,000
Tax-exempt assets managed:	
Total	$4,744,000,000
Fully discretionary	$4,744,000,000
Real estate assets managed	$78,000,000
International assets managed	$14,000,000
Minimum separate account	$3,000,000
Tax-exempt clients:	
Commingled	400
Separate	1,825
Types of accounts managed	CEFGJ
No. of portfolio managers	15
Size of research staff	6

RepublicBank Trust/Dallas offers equity, fixed, balanced, real estate, international and energy capabilities.

In equities, it seeks inefficiently priced, growth-potential stocks using systematic research identifying companies with lower-than-market P/Es, lower-than-market price-to-book value and higher-than-market current yields.

Its active fixed-income management takes advantage of market inefficiencies using high-yield bonds, sector selection, credit research and swapping to provide incremental return vs. a selected market standard index.

In real estate, the bank actively searches, rather than passively reacts, to market trends, concentrating on properties with long-term growth and stability achieving diversification by property type, risk and geographic location.

Of the tax-exempt assets Jan. 1, $657.4 million was in commingled and $4.1 billion in separate accounts.

The asset mix was 44% stocks, 53% bonds, 1% cash, 0.7% equity real estate, 0.5% mortgages and 0.8% mortgage-backed securities.

The bank netted $835 million in new tax-exempt business for 1984; 101 tax-exempt clients were added.

Clients include American Airlines, Exxon, Ford and Texas Instruments.

Research is 75% internally generated; 250 stocks are followed closely and 1,000, generally.

H. Edward Anderson, senior vice president, is chief investment officer. The client contacts are David J. Pittman, senior vice president and director-trust corporate marketing, and Vida S. Icenogle, vice president and director-investment marketing.

Republic National Bank of New York

452 Fifth Ave., New York, N.Y. 10018; (212) 930-6264

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$75,000,000
Fully discretionary	$75,000,000
Minimum separate account	$500,000
Tax-exempt clients	30
Types of accounts managed	CFJ
No. of portfolio managers	2

Republic National Bank of New York offers equity, fixed-income and balanced capabilities.

The bank evaluates the mutual fund universe (more than 700 today, excluding money market funds) and invests solely in carefully selected mutual funds to achieve individual client objectives. Sector rotation and diversification are important to its equity approach.

It also diversifies across carefully selected fixed-income mutual funds.

All assets were in separate accounts with mutual funds Jan. 1; the overall asset mix was 55% stocks, 35% bonds and 10% cash.

Half of its research originates in-house; 32 to 40 mutual funds are followed closely.

Michael D. Hirsch, vice president, is the chief investment officer. Adrienne S. Doobin, director of institutional marketing, is the client contact.

Research Associates Management Corp.

950 Third Ave., New York, N.Y. 10022; (212) 308-9331

Total assets managed	$102,000,000
Tax-exempt assets managed:	
Total	$54,000,000
Fully discretionary	$31,000,000
Minimum separate account	$500,000
Tax-exempt clients	42
Types of accounts managed	C
No. of portfolio managers	3

Research Associates Management Corp., an equity manager, uses relative value as the foundation of its investment philosophy. By identifying changing market trends, it rotates assets into areas expected to be most rewarding or, defensively, into notes or cash.

Relying on interest rate anticipation for fixed income, it purchases U.S. government notes of less than 10 years maturity.

The tax-exempt asset mix Jan. 1 was 62.5% stocks, 36.5% bonds and 1% cash.

The firm had a net gain in tax-exempt assets of $3 million last year; it added three clients.

One-tenth of research is generated internally; 50 stocks are followed closely and 100, generally.

Alfred G. Parmelee, executive vice president, is the chief investment officer. John W. Mettler III, president, is the client contact.

Retirement System for Savings Institutions

41 E. 42nd St., New York, N.Y. 10017; (212) 867-8950

Total assets managed	$464,000,000
Tax-exempt assets managed:	
Total	$464,000,000
Fully discretionary	$340,000,000
Real estate assets managed	$30,000,000
International assets managed	$14,000,000
Tax-exempt clients	111
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

Retirement System for Savings Institutions, a balanced manager, takes a multifaceted, diversified approach to overall equity investment management, with individual funds for core, value, growth, market timing and international. Low P/E, sector rotation and Graham & Dodd analysis are used.

Combining interest rate anticipation and sector analysis in its fixed-income approach, the manager offers dedicated bond funds and individual funds for short-term, intermediate and actively managed maturity spectrums.

Real estate investments are limited mainly to marketable government-insured mortgages.

The tax-exempt asset mix Jan. 1 was 30.4% stocks, 42% bonds, 18.6%

cash equivalents, 0.3% mortgages, 6.2% mortgage-backed securities and 2.5% in other investments. It had $13 million in international stocks and $1 million in international bonds.

Half of its research originates in-house; 100 stocks are followed closely and 350, generally.

Among its clients are CrossLand Savings FSB, Savings Bank of Newport, R.I., Dollar Dry Dock Savings Bank and American Savings Bank FSB.

James Coughlin, vice president, is chief investment officer.

Edward J. Kowatch, president, is client contact.

Rice, Hall, James & Associates

1200 Third Ave., Suite 1600, San Diogo, Calif. 92101; (619) 239-9005

Total assets managed	$530,000,000
Tax-exempt assets managed:	
Total	$420,000,000
Fully discretionary	$415,000,000
Tax-exempt clients	50
Types of accounts managed	CEFGJ
Size of research staff	3

Rice, Hall, James & Associates, an equity manager, attempts to identify unrecognized equities with high-quality earnings and strong balance sheets. It emphasizes long-term fundamental value where good potential for earnings and dividend growth exists.

For fixed income, it invests in short- and intermediate-term U.S. Treasuries.

Research is 30% internally generated; 60 stocks are followed closely and 100, generally. Options are used, but rarely.

Louis E. Rice, president, is chief investment officer. Walter H. Beck, senior vice president, is client contact.

T.W. Richardson & Co. Inc.

601 California St., Suite 301, San Francisco, Calif. 94108; (415) 391-2880

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Real estate assets managed	$10,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	4
Types of accounts managed	C
No. of portfolio managers	1

T.W. Richardson & Co. inc., a real estate manager, creates acquisition and disposition opportunities for corporations and pension funds. Superior real estate performance results from intense management of concentrated market timing and tax-efficient structures.

All assets were in equity real estate on Jan. 1.

Thomas W. Richardson, president, is the chief investment officer and client contact.

Riggs National Bank of Washington, D.C.

P.O. Box 1149, 1120 Vermont Ave. N.W., Washington, D.C. 20013; (202) 835-6787

Total assets managed	$1,889,000,000
Tax-exempt assets managed	
Total	$880,000,000
Fully discretionary	$352,000,000
Tax-exempt clients:	
Commingled	82
Separate	132
Types of accounts managed	CEFG
No. of portfolio managers	8
Size of research staff	3

Riggs National Bank of Washington, D.C., offers equity, fixed-income and balanced capabilities.

Sector rotation is the key to its equity approach.

For fixed income, it describes itself as a bond strategist.

Of the tax-exempt assets Jan. 1, $56 million was in commingled and $824 million in separate accounts.

The approximate asset mix was 40% stocks, 40% bonds, 10% cash and 10% mortgage-backed securities.

Research is 20% internally generated; 125 stocks are followed closely and 200, generally.

Charles S. Plumb, senior vice president and trust officer, is chief investment officer and client contact.

Rittenhouse Financial Services Inc.

225 S. 18th St., Philadelphia, Pa. 19103; (215) 735-1225

Total assets managed	$225,000,000
Tax-exempt assets managed:	
Total	$125,000,000
Fully discretionary	$125,000,000
Tax-exempt clients	31
Types of accounts managed	CEFG
No. of portfolio managers	7

Rittenhouse Financial Services Inc. is a balanced manager implementing Graham & Dodd analysis for equity and sector analysis for fixed income.

The tax-exempt asset mix Jan. 1 was 65% stocks, 25% bonds and 10% cash.

The firm follows 500 stocks closely and 1,500 generally.

It had a net gain of $75 million in new tax-exempt business last year — $50 million in equities and $25 million in fixed income; 11 tax-exempt clients were added.

Clients include Northern Home for Children, Philadelphia College of Physicians, Historical Society of Pennsylvania and Graduate Hospital.

James S. Morgan, vice president, is the chief investment officer. Charles J. Ingersoll, vice president, is the client contact.

The firm is the parent of The Rittenhouse Trust Co.

James River Capital Management Inc.

909 E. Main St., Suite 321, Richmond, Va. 23219; (804) 780-3207

Total assets managed	$55,000,000
Tax-exempt assets managed:	
Total	$11,000,000
Fully discretionary	$11,000,000
Minimum separate account	$500,000
Tax-exempt clients	17
Types of accounts managed	CEF
No. of portfolio managers	2

James River Capital Management Inc. screens stocks for low P/E ratios, earnings momentum and reported earnings above expectations. They also must exhibit the ability to sustain growth and have an attractive technical profile. Strict sell disciplines are used.

The firm systematically builds bond portfolios based on its analysis of specific economic and monetary data emphasizing rate of change. When bonds look attractive, bond maturities are extended and weightings increased.

The tax-exempt asset mix Jan. 1 was 50% stocks, 20% bonds and 30% cash.

Research is 95% internally generated; 100 stocks are followed closely and 1,000, generally.

Clients include Standard Drug, Bridgewater Foundation and Petersburg Motor.

Paul C. Munson, managing director, is the chief investment officer. Charles K. Fox, managing director, is the client contact.

The firm is wholly owned by S&S Financial Services Inc.

RNC Capital Management

10960 Wilshire Blvd., 9th Floor, Los Angeles, Calif. 90024; (213) 477-6543

Total assets managed	$360,000,000
Tax-exempt assets managed:	
Total	$306,000,000
Fully discretionary	$306,000,000
Minimum separate account	$250,000
Tax-exempt clients	400
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	9

RNC Capital Management Co. handles equity, fixed-income and balanced accounts.

For equity, it stresses sector rotation, believing that style provides flexibility by using both both large and small companies.

All fixed-income accounts use convertibles.

The asset mix Jan. 1 was 70% stocks, 20% bonds and 10% cash.

The firm had a net gain in new tax-exempt business last year of $67 million — $50 million in equities, $10 million in fixed and $7 million in convertibles; 83 clients were added.

Among its tax-exempt clients are

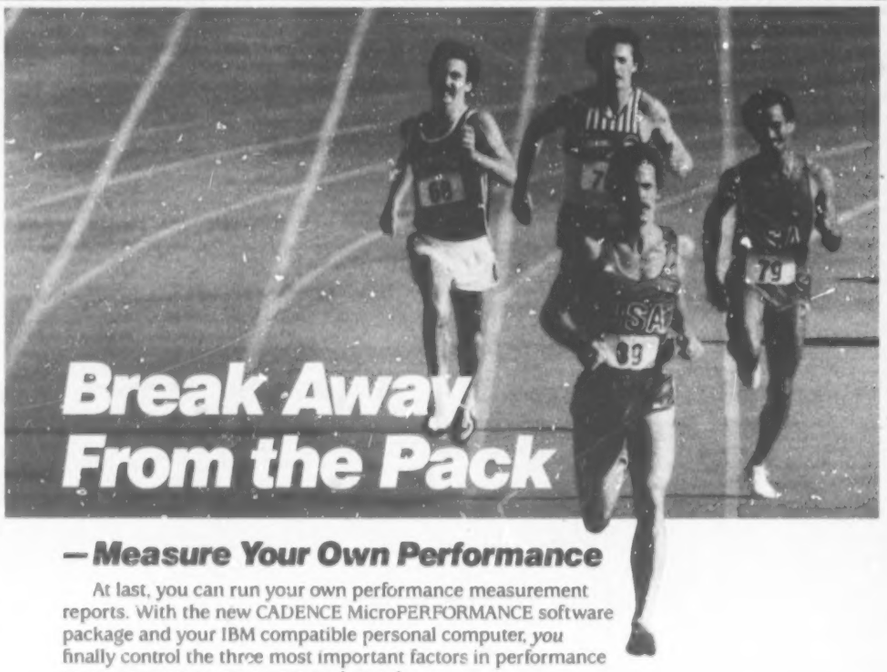
We are pleased to announce
the opening of our
U.S. Representative Office

Capital Management International GmbH
a limited liability company
International Investment Advisor

Michael Tintelnot
General Manager
9 West 57th Street
42nd Floor
New York, N.Y. 10019
Phone: (212) 940-8000

Rudolf Heinz
Executive Vice President
12 Taunusanlage
6000 Frankfurt 1
West Germany
Phone: (69) 72 25 22

a wholly-owned subsidiary **of Deutsche Bank** Aktiengesellschaft



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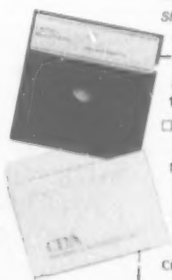

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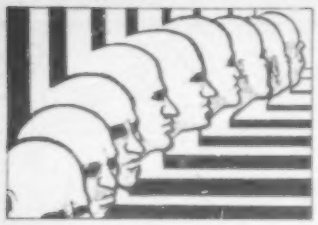

AIA, GTE, and Longview Fibre.

Seventy percent of research is generated internally; 75 stocks are followed closely and 200, generally.

Tom Roley, chairman of the board, is chief investment officer. Robert W. Nichols, president, is client contact.

Roanoke Asset Management

745 Fifth Ave., New York, N.Y. 10151; (212) 759-9097

Total assets managed	$305,000,000
Tax-exempt assets managed:	
Total	$275,000,000
Fully discretionary	$275,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	30
Types of accounts managed	CEFG
No. of portfolio managers	4

Roanoke Asset Management is an equity manager.

The asset mix Jan. 1 was 65% stocks, 5% bonds and 30% cash.

The firm had a net gain in tax-exempt business last year of $75 million; five clients were added.

Florida Power & Light, Singer, Boeing and Wesleyan University are among its tax-exempt clients.

Research is 65% internally generated.

Edwin G. Vroom, president, is chief investment officer. Martin W. Lynn, vice president, is client contact.

Robshaw & Cheskin Associates Inc.

69 Delaware Ave., Suite 1201, Buffalo, N.Y. 14202; (716) 845-5050

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$500,000
Tax-exempt clients	27
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	2

Robshaw & Cheskin Associates Inc. places emphasis on a fundamental search for value among equity investment alternatives. Combining growth stock with Graham & Dodd analysis, it seeks to discover investment opportunities that offer superior long-term appreciation potential.

Its fixed-income approach is based on an analysis of sectors, ratings and maturities. Using the yield curve, and anticipating shifts therein, it constructs its fixed-income strategy.

Robshaw & Cheskin had a net gain of $3 million in new tax-exempt business last year; two tax-exempt clients were added.

Half its research originates in-house; 25 stocks are followed closely and 40, generally.

Stephen R. Robshaw, president, is chief investment officer. Alan E. Cheskin, vice president, is client contact.

Rocky Mountain Investors

3033 E. First Ave. #708, Denver, Colo. 80206; (303) 393-0014

Total assets managed	$45,000,000
Tax-exempt assets managed:	
Total	$45,000,000
Fully discretionary	$45,000,000
Real estate assets managed	$45,000,000
Minimum separate account	$500,000
Tax-exempt clients	8
Types of accounts managed	J
No. of portfolio managers	3
Size of research staff	2

Rocky Mountain Investors, a real estate manager, specializes in construction financing and short-term permanent takeouts.

All tax-exempt assets were in mortgages Jan. 1.

The firm netted $20 million in tax-exempt business for 1984; it added three tax-exempt clients.

Centennial Carpenters, SMW #9 and Colorado Iron Workers are among its tax-exempt clients.

J. Richard Allen, president, is the chief investment officer. Chris Woessner, executive vice president, is the client contact.

Rollert & Sullivan Inc.

470 Atlantic Ave., Boston, Mass. 02210; (617) 542-0601

Total assets managed	$861,000,000
Tax-exempt assets managed:	
Total	$45,000,000
Fully discretionary	$41,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	45
Types of accounts managed	CEFGJ
No. of portfolio managers	8

Rollert & Sullivan Inc., an equity manager, focuses on secular trends from which it develops sectors that cut across industry boundaries. It then selects those stocks with the highest probability of achieving superior two- to three-year returns.

The net gain in new tax-exempt business for 1984 was $265 million; it added 23 tax-exempt clients.

Eastern Airlines, Hughes Aircraft, Honeywell Foundation and International Paper are among its clients.

Half its research is generated internally; 100 stocks are followed closely and 250 generally.

Gordon J. Rollert, president, is the chief investment officer. Jackson W. Goss, executive vice president, is the client contact.

The firm is the majority stockholder in Trust Management Bank.

Edward C. Rorer & Co. Inc.

1800 Two Mellon Bank Center, Philadelphia, Pa. 19102; (215) 568-2128

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Minimum separate account	$500,000
Tax-exempt clients	10
Types of accounts managed	CEF
No. of portfolio managers	2

Edward C. Rorer & Co. Inc., a balanced manager, starts with a macro overview of equities. It uses screens and Graham & Dodd analysis to seek out securities characterized by low valuations and high investment returns relative to the S&P 500.

Again with a macro overview, it chooses the percentage of portfolio allocated to fixed income and allocates maturities accordingly. It employs interest rate anticipation and buys only U.S. government securities.

The asset mix Jan. 1 was 60% stocks, 25% bonds and 15% cash.

The net gain in new tax-exempt business for 1984 totaled $3 million; two tax-exempt clients were added.

Research is 75% internally generated; 100 stocks are followed closely and 200, generally. Options are used.

Edward C. Rorer, chairman, is chief investment officer and client contact.

The firm is a fully disclosed correspondent of PaineWebber.

Rosenberg Capital Management

4 Embarcadero Center, San Francisco, Calif. 94111; (415) 954-5474

Total assets managed	$5,320,000,000
Tax-exempt assets managed:	
Total	$4,966,000,000
Fully discretionary	$4,966,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	76
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	18

Rosenberg Capital Management handles equity, fixed-income and balanced accounts.

It takes a fundamental research approach to the selection of (mainly) secular growth industries and companies, screened for growth rate potential, risk of disappointment and current popularity.

Its fixed-income management strategy incorporates a number of internally developed, proprietary analytical systems resulting in disciplined portfolio duration shifts within a range of 2.0 to 6.5 and aggressive movement between market sectors. Interest rate anticipation also is used.

The asset mix Jan. 1 was 55% stocks, 36% bonds and 9% cash.

The net gain in new tax-exempt business for 1984 totaled $75 million — $45 million in equities and $30 million in fixed. The firm netted one additional tax-exempt client.

Three-fourths of research is generated internally; 100 stocks are followed closely and 300, generally.

Claude Rosenberg Jr. is chief investment officer. Mr. Rosenberg is client contact for equities; Gary W. Schreyer, fixed income.

Rothschild Asset Management Inc.

1 Rockefeller Plaza, New York, N.Y. 10020; (212) 757-6000

Total assets managed	$384,000,000
Tax-exempt assets managed:	
Total	$243,000,000
Fully discretionary	$243,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	30
Types of accounts managed	CEF
No. of portfolio managers	7

Rothschild Asset Management Inc., an equity and balanced manager, builds portfolios of stocks whose earnings are anticipated to grow substantially faster than the market but whose P/E multiples are considered to be reasonable.

As its primary fixed-income strategy, the firm adjusts maturities in accordance with interest rate anticipation. Issuer and quality swapping are secondary considerations.

The asset mix Jan. 1 was 71% stocks, 17% bonds and 12% cash.

Half its research originates in-house; 150 stocks are followed closely and 250, generally. The firm uses options.

Robert H. Buckles is president and chief investment officer. Carl A. Bafaro, senior vice president, is the client contact.

Rothschild Asset Management is a subsidiary of Rothschild Inc.

The Rothschild Co.

32 South St., Baltimore, Md. 21202; (301) 539-4660

Total assets managed	$650,000,000
Tax-exempt assets managed:	
Total	$400,000,000
Fully discretionary	$400,000,000
International assets managed	$20,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	35
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	1

The Rothschild Co., an equity manager, uses convertible securities extensively in order to raise the yield of the portfolio, reduce the volitility and maintain equity exposure.

Its equity approach merges low P/E with Graham & Dodd analysis. Interest rate anticipation is the basis of its fixed-income approach.

The asset mix Jan. 1 was 40% stocks, 40% convertible securities and 20% cash. It had $20 million invested in international stocks.

The net gain in new tax-exempt business for 1984 was $50 million.

Clients include Johns Hopkins Applied Research Lab, National Automobile Dealers Association and DAYCO.

Three-fourths of research is generated internally; 150 stocks are followed closely and 100, generally.

Stanford Z. Rothschild Jr. is the chief investment officer and client contact.

N.M. Rothschild International Asset Management Ltd.

New Court, St. Swithin's Lane, London, EC4P 4DU, England; 280-5000

Total assets managed	$154,000,000
Tax-exempt assets managed:	
Total	$154,000,000
Fully discretionary	$154,000,000
International assets managed	$128,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	8
Types of accounts managed	CG
No. of portfolio managers	7
Size of research staff	2

N.M. Rothschild International, an international manager, aims to add value in currency, market and stock selection. During a market cycle, most value is added by stock selection. Emphasis is on growth stock. There is concentration of selected stocks in selected markets.

Fixed-income concentration is in preferred currencies, markets and maturities, based on rolling six-month forecasts of exchange rates, interest rate levels and yield curve shapes in the major money markets.

The asset mix Jan. 1 was 75% stocks, 22% bonds and 3% cash.

It had $128 million invested in international markets for U.S. tax-exempt clients: $96 million in stocks, $28 million in bonds and $4 million in cash.

The net gain in new tax-exempt business for 1984 totaled $83 million — $58 million in equities and $25 million in fixed; four tax-exempt clients were added.

General Motors, RCA, American Airlines and General Foods are among its tax-exempt clients.

Seventy percent of research is generated internally; 500 stocks are followed closely and 700, generally.

James Heyworth-Dunne, vice chairman, is the chief investment officer and client contact.

The firm is 80% owned by N.M. Rothschild & Sons Ltd. and 20% owned by Rothschild Inc.

L.F. Rothschild Asset Management

55 Water St., New York, N.Y. 10041; (212) 412-1058

Total assets managed	$1,577,000,000
Tax-exempt assets managed:	
Total	$1,577,000,000
Fully discretionary	$1,577,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	32
Types of accounts managed	CGJ
No. of portfolio managers	6
Size of research staff	48

L.F. Rothschild Asset Management handles equity, fixed-income and balanced accounts.

Taking a growth stock approach to equity, it seeks undervalued companies offering above average earn

TORONTO INVESTMENT MANAGEMENT INC.
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Bill Smith

1100 Melville Street
Vancouver, Canada
(604) 687-1393
Larry Avant
Brien Gillespie

ings per share and real unit growth given a two-year time horizon.

Using interest rate anticipation, its active fixed-income management aims to augment, with trading profits, the income returns generated by its clients' bond portfolios.

The asset mix Jan. 1 was 49% stocks, 31% bonds and 20% cash.

The net gain in new tax-exempt business for 1984 totaled $11 million — $8 million in equities and $3 million in fixed; two clients were added.

New York Common Fund, IAM National, TRW and Graphic Communications International Union are among its tax-exempt clients.

Sixty percent of research is generated internally; 50 stocks are followed closely and 100, generally.

Daniel S. Kampel, administrative managing director, is the chief investment officer; Donald R. Hill, vice president-marketing and client services, is the client contact.

The firm operates as an autonomous department within L.F. Rothschild, Unterberg, Towbin.

Rothschild Securities Corp.

135 S. LaSalle St., Chicago, Ill. 60603; (312) 781-8950

Total assets managed	$80,000,000
Tax-exempt assets managed:	
Total	$53,000,000
Fully discretionary	$53,000,000
Minimum separate account	$250,000
Tax-exempt clients	50
Types of accounts managed	CF
No. of portfolio managers	4

Rothschild Securities Corp., an equity and balanced manager, attempts to identify growth companies with special attributes that might not be fully discounted in the marketplace. It follows a small universe of companies, about which it tries to keep very well informed.

For fixed-income, it structures a short- to intermediate-term laddered-maturity portfolio composed of investment-grade companies. It diversifies by industry, company, sector and special features — e.g., zero coupons and puts.

The asset mix Jan. 1 was 39% stocks, 51% bonds and 10% cash.

Rothschild Securities had a net gain of $4 million in new tax-exempt business last year, split evenly between equities and bonds. Six tax-exempt clients were added.

Clients include Rudnick & Wolfe, Serta, Blitz Body and Handy Andy.

Seventy percent of research is generated through L.F. Rothschild, Unterberg, Towbin; 25 stocks are followed closely and 50, generally. The firm uses options.

Richard F. Karger, president, is chief investment officer and client contact.

Royal Trust/Corporate Investment Services

Royal Trust Tower, P.O. Box 7500, Stn. A, Toronto, Ontario M5W 1P9; (416) 867-2118

Total assets managed	$4,500,000,000
Tax-exempt assets managed:	
Total	$4,250,000,000
Fully discretionary	$4,000,000,000
U.S. assets managed	$1,200,000,000
Real estate assets managed	$845,000,000
International assets managed	$80,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	502
Types of accounts managed	CEFGU
No. of portfolio managers	21
Size of research staff	15

Royal Trust/Corporate Investment Services, a Canadian firm, is an equity, fixed-income, balanced, real estate and direct energy investment manager.

In its growth-stock equity approach, fundamental equity evaluation and selection are emphasized. Analysts and portfolio managers work together to integrate bottom-up and top-down analysis.

In fixed income, interest rate anticipation and sector analysis are emphasized and duration strategy is used. Active trading strategies have had incremental benefits.

The firm takes a long-term approach to real estate investing and emphasizes income-producing, quality commercial properties. Geographic and tenant diversification is important.

The asset mix Jan. 1 was 35% Canadian stocks, 29% bonds, 7% equity real estate, 11% mortgages, 5% U.S. stocks, 8% direct energy and 5% international.

Eighty percent of research is generated internally; 205 stocks are followed closely and 300, generally.

It has 171 clients that are pension funds of subsidiaries of U.S. firms.

Clients include IBM, Alcan, University of Ottawa and GM.

B. Lee Bentley is the chief investment officer; William K. Thomson is the client contact.

RPI Institutional Services Inc.

521 Fifth Ave., Room 1104, New York, N.Y. 10175; (212) 986-7510

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	7

RPI Institutional Services Ltd. had all assets in direct oil and gas investments, its specialty, Jan. 1.

Owens-Illinois is its tax-exempt client.

Robert C. Metzger, chairman, is chief investment officer. Don B. Clutterbuck, president, is client contact.

The RREEF Funds

650 California St., 18th Floor, San Francisco, Calif. 94108; (415) 781-3300

Total assets managed	$2,721,000,000
Tax-exempt assets managed:	
Total	$2,721,000,000
Fully discretionary	$2,721,000,000
Tax-exempt clients	79
Types of accounts managed	CEFGJ

The RREEF Funds, a real estate manager, purchases only high-quality shopping centers, office and industrial buildings. All important decisions relating to the acquisition of properties are made by its team of 57 real estate principals.

All assets were in equity real estate Jan. 1.

The net gain in new tax-exempt business for 1984 was $1.043 billion in real estate; 24 clients were added.

IBM, Monsanto, AT&T and Connecticut are among its clients.

Paul Sack, principal, is the client contact.

Ruane, Cunniff & Co. Inc.

1370 Avenue of the Americas, New York, N.Y. 10019; (212) 245-4500

Total assets managed	$945,000,000
Tax-exempt assets managed:	
Total	$558,000,000
Fully discretionary	$558,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	47
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	3

Ruane, Cunniff & Co. Inc., an equity manager, uses Graham & Dodd analysis in its investment approach.

The asset mix Jan. 1 was 66% stocks and 34% cash.

All of its research originates in-house; 50 stocks are followed closely and 200, generally.

William J. Ruane is the chief investment officer. Richard T. Cunniff is the client contact.

Ruggles & Crysdale Associates Inc.

10 Liberty Square, Boston, Mass. 02109; (617) 338-6696

Total assets managed	$165,000,000
Tax-exempt assets managed:	
Total	$165,000,000
Fully discretionary	$165,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	29
Types of accounts managed	CFG
No. of portfolio managers	2
Size of research staff	2

Ruggles & Crysdale Associates, an equity manager specializing in options programs, uses Graham & Dodd analysis.

Between 25% and 50% of the holdings will be large-cap, optionable stocks; the balance will be small-cap growth stocks to reduce volatility and overall growth.

As of Jan. 1, the asset mix was 90% stocks and 10% cash.

The firm had a net gain of $24 million in new tax-exempt business last year; three tax-exempt clients were added.

Clients include Grumman, Massachusetts, Imasco and Burndy.

Robert T. Ruggles is the chief investment officer; Patricia M. Stearns, director of client services and marketing, is the client contact.

Ruggles & Crysdale Inc.

Postal Station A, Box 4015, Toronto, Ontario M5W 2J3; (416) 865-0460

Total assets managed	$900,000,000
Tax-exempt assets managed:	
Total	$870,000,000
Fully discretionary	$870,000,000
U.S. assets managed	$124,000,000
International assets managed	$1,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	30
Types of accounts managed	CU
No. of portfolio managers	3
Size of research staff	2

Ruggles & Crysdale Inc., a Canadian firm, offers equity, fixed-income and balanced management.

Its equity approach employs Graham & Dodd analysis and growth stocks. With the firm's dual approach, between 25% and 50% of the holdings will be large-capitalization, optionable stocks; the balance will be small-cap growth stocks, for reduced volatility and overall growth.

The firm also uses a dual approach in fixed-income management. Shorter term (up to five years) bonds make up the core of the portfolio. When appropriate, long-term bonds and bond options are used, as well as cash, to adjust term.

As of Jan. 1, the asset mix was 60% Canadian stocks, 15% bonds, 15% cash and 10% U.S. stocks.

Seven clients are pension funds of subsidiaries of U.S. firms.

Clients include Imasco, IBM Canada, Gulf Canada and Reed Stenhouse.

Robert T. Ruggles is the chief investment officer; Hugh L. Innes, vice president, is the client contact.

Frank Russell Trust Co.

1912 First Interstate Plaza, Tacoma, Wash. 98402; (206) 572-2282

Total assets managed	$1,600,000,000
Tax-exempt assets managed:	
Total	$1,600,000,000
Fully discretionary	$1,600,000,000
Real estate assets managed	$40,000,000
International assets managed	$81,000,000
Tax-exempt clients	122
Types of accounts managed	CGJ

Frank Russell Trust Co. offers equity, fixed-income, balanced, real estate and international capabilities.

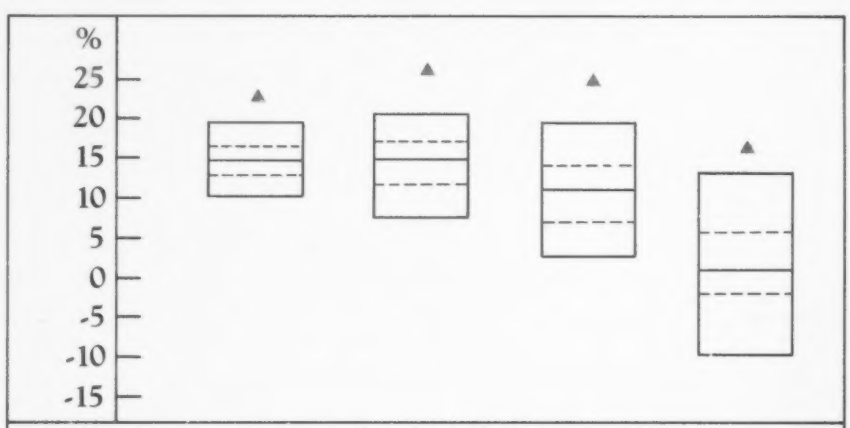
Its equity and fixed-income approaches are multimanager and multistyle. Each commingled fund uses several advisory firms expert in its chosen style.

Its real estate equity fund is open-end and commingled, investing in other pooled, open-end vehicles.

All assets were in commingled accounts Jan. 1; the asset mix was 70.5% stocks, 23% bonds, 3.7% cash, 2.5% equity real estate and 0.3% other.

Clients include UAW Labor-Man-

At Sun Bank, Top Performance Is The Bottom Line.



▲	Annualized Return Five Years	Three Years	Two Years	One Year
Sun Bank Corporate Equity Fund	22.1	25.7	24.0	15.4
Percentile Ranking	1	1	1	3

Source: SEI Funds Evaluation Services

The Sun Bank Corporate Equity Fund, which invests in common stocks and is used exclusively for employee benefit plans, provided a 22.1% annualized return on investment for the five years ended December 31, 1984. That put us in the top 1% in performance among some 1000 equity portfolios measured by the SEI Funds Evaluation Service. If you're not getting top performance from your employee benefit funds, contact Jim Kermes, Sun Trust Banking Group, at (305) 237-4327.

Sun Bank

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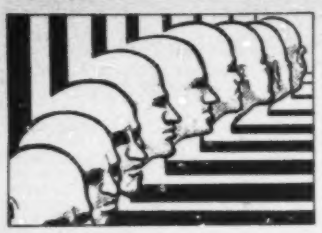


agement Group, Swift Independent Packing and Puget Sound Power & Light.

David A. Anderson, senior vice president, is the chief investment officer. Paul R. Kaltinick, president, is the client contact.

S

Sabl Associates

2444 Wilshire Blvd. #500, Santa Monica, Calif. 90405; (213) 828-4240

Total assets managed	$29,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Minimum separate account	$100,000
Tax-exempt clients	13
Types of accounts managed	CF
No. of portfolio managers	2

Sabl Associates is a value-oriented equity manager, using Graham & Dodd analysis; for its fixed-income investments, it uses interest rate anticipation.

The asset mix Jan. 1 was 75% stocks, 7% bonds and 18% cash.

The firm follows 45 stocks closely and 125, generally.

Frederick M. Sabl, president, is chief investment officer. Ralph E. Weil, vice president, is client contact.

Ronald Sadoff Associates

6971 N. Beech Tree Road, Milwaukee, Wis. 53209; (414) 352-8460

Total assets managed	$40,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$100,000
Tax-exempt clients	65
Types of accounts managed	CEF
No. of portfolio managers	1

Ronald Sadoff Associates uses a low-risk/high-potential, top-down approach to equity, focusing on leading industries and companies emerging from long-term downtrends when the Federal Reserve is bullish. Growth stock, emerging growth and market timing techniques are used.

The firm uses a top-down approach plus interest rate anticipation and credit analysis for bonds, when the Federal Reserve is bullish.

The asset mix Jan. 1 was 99% stocks and 1% cash.

All of its research originates inhouse; 350 stocks are followed closely and 500, generally.

Ronald B. Sadoff is chief investment officer and client contact.

SAFECO Asset Management

SAFECO Plaza, T-14, Seattle, Wash. 98185; (206) 545-5727

Total assets managed	$355,000,000
Tax-exempt assets managed:	
Total	$350,000,000
Fully discretionary	$350,000,000
Tax-exempt clients	10
Types of accounts managed	CEJ
No. of portfolio managers	2
Size of research staff	7

SAFECO Asset Management Co., an equity and balanced manager, combines low P/E ratio stocks with Graham & Dodd analysis for equity management.

It uses interest rate anticipation for fixed-income investments.

The asset mix Jan. 1 was 50% stocks, 35% bonds and 15% cash.

The firm had a net gain of $8 million in tax-exempt business last year; one client was added.

Sixty percent of research is generated internally; 50 stocks are followed closely and 300, generally. Options are used.

Eugene D. Holen, vice president, is chief investment officer and client contact.

The firm is a subsidiary of SAFECO Corp., which has $3 billion in assets.

Santaularia & Associates

647 Massachusetts, Suite 400, Lawrence, Kan. 66044; (913) 841-0150

Total assets managed	$5,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$4,000,000
Minimum separate account	$50,000
Tax-exempt clients	10
Types of accounts managed	CJ
No. of portfolio managers	1

Santaularia & Associates Ltd., an equity manager, is 100% cash or equity, based on technical price information of mutual funds and known indexes. Price information includes time line analysis of weighted moving average.

The same philosophy drives its fixed-income approach, which is interest rate-oriented.

The asset mix Jan. 1 was 90% stocks and 10% bonds.

The firm follows 10 stocks and 70 mutual funds closely and 25 stocks and 600 mutual funds generally. Options are used.

Jes Santaularia, president, is chief investment officer and client contact.

Fayez Sarofim & Co.

#2907, 2 Houston Center, Houston, Texas 77010; (713) 654-4484

Total assets managed	$8,718,000,000
Tax-exempt assets managed:	
Total	$7,672,000,000
Fully discretionary	$7,337,000,000
Real estate assets managed	$49,000,000
Tax-exempt clients	179
Types of accounts managed	CEFGJ
No. of portfolio managers	12

Fayez Sarofim & Co. manages equity, balanced, fixed-income and real estate accounts.

In equities, the firm focuses on both value and growth to produce return from appreciation and income. Fundamental economic and company analysis are the foundation of a top-down, flexible process with current emphasis on larger capitalization companies with highly predictable earnings growth and market multiple.

Its fixed-income strategy is keyed to timely shifts in the maturity of portfolio as dictated by the interest rate outlook, subject to specified minimum return objectives as dictated by account risk preferences.

Its real estate management goal is to provide a balance between preservation of capital and real rate of return generated from a combination of appreciation and growing income stream in quality real estate using a participating mortgage structure.

The asset mix Jan. 1 was 77.2% stocks, 19.2% bonds, 3.1% cash and 0.5% mortgages.

The firm had a net loss of $504.9 million in tax-exempt business for 1984. One tax-exempt discretionary account of more than $10 million was added. Research is 80% internally generated; 50 to 60 stocks are followed closely and 250, generally.

Fayez Sarofim, chairman of the board and president, is chief investment officer. William K. McGee Jr., senior vice president, is client contact.

M.D. Sass Investors Services

475 Park Ave. S., New York, N.Y. 10016; (212) 532-6010

Total assets managed	$1,626,000,000
Tax-exempt assets managed:	
Total	$1,417,000,000
Fully discretionary	$1,417,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	102
Types of accounts managed	CEFGJ
No. of portfolio managers	10

M.D. Sass Investors Services Inc. handles equity, fixed-income and balanced accounts.

Its equity approach is to earn a consistent, superior, real rate of return during market cycles through rotation among market sectors and active asset allocation.

Its fixed-income approach is designed to provide stability and a source of reliable income. Its strategy is based on sector positioning with a secondary emphasis on interest rate anticipation.

The asset mix Jan. 1 was 42% stocks, 31% bonds, 17% cash and 10% mortgage-backed securities.

The net gain in new tax-exempt business for 1984 was $228 million; 12 tax-exempt clients were added.

Clients include Los Angeles County, Keebler, Rochester Carpenters and Milwaukee County.

Half of its research originates inhouse; 75 to 100 stocks are followed closely and 800, generally. The firm uses options, stock index futures and fixed-income futures.

Martin D. Sass, president, is the chief investment officer. Thomas J. Mackell Jr., senior vice president, is the client contact.

Saybrook Capital

610 Fifth Ave., New York, N.Y. 10020; (212) 307-5503

Total assets managed	$85,000,000
Tax-exempt assets managed:	
Total	$50,000,000
Fully discretionary	$50,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	10
Types of accounts managed	CEF
No. of portfolio managers	2

Saybrook Capital, an equity and balanced manager, seeks undervalued growth stocks with low P/E ratios. Its emphasis is on quality; it avoids negative returns.

Interest rate anticipation is used in its fixed-income approach.

The asset mix Jan. 1 was 60% stocks, 20% bonds and 20% cash.

The firm had a net gain of $15 million in tax-exempt business last year; six tax-exempt clients were added.

Clients include Wake Forest University, University of South Carolina and Mary Reynolds Babcock Foundation.

Half of its research originates inhouse; 40 stocks are followed closely and 100, generally.

Bruce M. Babcock is the chief investment officer. Ravenel B. Curry III is the client contact.

SBC Portfolio Management International Inc.

1 World Trade Center, Suite 9051, New York, N.Y. 10048; (212) 938-7465

Total assets managed	$63,000,000
Tax-exempt assets managed:	
Total	$24,000,000
Fully discretionary	$24,000,000
International assets managed	$24,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	5
Types of accounts managed	C
No. of portfolio managers	4

SBC Portfolio Management International Inc. takes a global top-down approach to equities, where country and currency picking are treated as separate decisions. Options are used.

For fixed income, it uses interest rate anticipation.

The asset mix Jan. 1 was 67% stocks, 23% bonds and 10% cash.

The net gain in new tax-exempt business for 1984 was $23 million; four tax-exempt clients were added.

Research is provided by the Swiss Bank Corp. Group, of which it is a wholly owned affiliate.

Peter J. Morant, managing director, is the chief investment officer. John W. Conlin, marketing director, is the client contact.

Sceptre Investment Counsel

Suite 802, 40 University Ave., Toronto, Ontario M5J 2G1; (416) 977-6111

Total assets managed	$1,730,000,000
Tax-exempt assets managed:	
Total	$1,552,000,000
Fully discretionary	$1,552,000,000
U.S. assets managed	$662,000,000
Real estate assets managed	$69,000,000
International assets managed	$225,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	58
Types of accounts managed	CEFU
No. of portfolio managers	9
Size of research staff	4

Sceptre Investment Counsel Ltd., a Canadian balanced manager, emphasizes sector rotation and Graham & Dodd analysis in its equity approach.

Its objective for bond management is to maintain a high and stable income stream while seeking to reduce the volatility of the portfolio. The firm strives to protect both the yield and the capital of a portfolio, using interest rate anticipation and sector analysis. Real estate investments are used sparingly.

The asset mix Jan. 1 was 35% Canadian stocks, 49% bonds, 2% cash, 1% equity real estate, 3% mortgages and 10% U.S. stocks.

Half its research is generated internally; 150 stocks are followed closely and 200, generally.

Twenty-three clients are pension funds of subsidiaries of U.S. firms.

J. Douglas Grant, president, is chief investment officer; George B. Turnbull, vice president, is client contact.

Schafer Capital Management

645 Fifth Ave., New York, N.Y. 10022; (212) 644-1800

Total assets managed	$750,000,000
Tax-exempt assets managed:	
Total	$750,000,000
Fully discretionary	$750,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	6
Types of accounts managed	CG
No. of portfolio managers	1

Schafer Capital Management, an equity manager, has a low P/E ratio approach to equities.

The asset mix Jan. 1 was 98% stocks and 2% cash.

Clients include Xerox, Champion Spark Plug, GTE and Washington state.

The firm follows 50 stocks closely and 60, generally.

David Schafer is chief investment officer and client contact.

A.R. Schmeidler & Co. Inc.

555 Fifth Ave., New York, N.Y. 10017; (212) 687-9800

Total assets managed	$238,000,000
Tax-exempt assets managed:	
Total	$73,000,000
Fully discretionary	$73,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	66
Types of accounts managed	CFJ
No. of portfolio managers	8
Size of research staff	3

A.R. Schmeidler & Co. Inc., primarily an equity manager, uses Graham & Dodd analysis in its equity approach.

For fixed income, it seeks maximum total return within a 10-year maturity spectrum with minimum interest rate anticipation expectations.

The asset mix Jan. 1 was 60% stocks, 15% bonds and 25% cash.

Clients include Roofers Local 154, Sheet Metal Workers Local 55 and Katz Communications.

Research is 90% internally generated; 75 stocks are followed closely and 250, generally.

Arnold R. Schmeidler, president, is chief investment officer and client contact.

Schroder Capital Management

1 State St., New York, N.Y. 10004; (212) 269-6500

Total assets managed	$1,153,000,000
Tax-exempt assets managed:	
Total	$816,000,000
Fully discretionary	$816,000,000
International assets managed	$530,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	84
Types of accounts managed	CEFG
No. of portfolio managers	12
Size of research staff	7

Schroder Capital Management, a balanced manager, has an equity approach that invests primarily in companies with a growth bias, while giving careful consideration to relative fundamental value and the control of portfolio risk.

Its fixed-income philosophy emphasizes maturity distribution and sector positioning. In practice, interest rate anticipation is carefully controlled and portfolios tend to be focused primarily on intermediate maturity issues.

The asset mix Jan. 1 was 57.4% stocks, 34.7% bonds and 7.9% cash. About $530 million was invested in international equities.

Clients include Asarco, Curtiss-Wright, Girl Scouts of the U.S.A. and Boyce Thompson Institute.

Research is 50% to 80% internally generated; 150 stocks are followed closely and 300, generally.

David M. Salisbury, executive vice president, is the chief investment officer. Murat H. Davidson, first vice president, is the client contact.

The firm is a wholly owned subsidiary of Schroders PLC., which has $12 billion in assets.

Schroder Real Estate Associates

437 Madison Ave., New York, N.Y. 10017; (212) 486-9800

Total assets managed	$825,000,000
Tax-exempt assets managed:	
Total	$550,000,000
Real estate assets managed	$550,000,000
Minimum separate account	$50,000,000
Tax-exempt clients	65
Types of accounts managed	CG

Schroder Real Estate Associates seeks properties at prices below replacement cost that offer opportunities for increased return through capital improvement programs (including expansions) and intensive management.

25 largest International Managers ranked by U.S. tax-exempt assets

Rank	Managers	($ millions)
1.	J.P. Morgan Investment Management Inc.	$2,200
2.	Morgan Grenfell Investment Services Ltd.	1,105
3.	Capital Guardian Trust Co.	853
4.	Fidelity International Investment Advisors	850
5.	Templeton Group	577
6.	Schroder Capital Management	530
7.	G.T. Capital Management Inc.	520
8.	ABD International Management Corp.	474
9.	State Street Bank & Trust Co.	452
10.	BA Investment Management Corp.	400
11.	Batterymarch Financial Management	396
12.	PCM	390
13.	Citicorp Investment Management	389
14.	Putnam Advisory Co. Inc.	379
15.	Baring International Investment Ltd.	372
16.	Brown Brothers Harriman & Co.	347
17.	Equitable Investment Management Corp.	281
18.	Nomura Capital Management	215
19.	NCNB National Bank	209
20.	Chase Investors Management	200
21.	Merrill Lynch Asset Management Inc.	200
22.	First Chicago Investment Advisors	196
23.	BEA Associates	180
24.	Warburg Investment Management Intl. Ltd.	172
25.	Daiwa International Capital Management	171
	TOTAL	$12,058

All assets were in equity real estate Jan. 1.

North American Property Unit Trust, PosTel Investment Management and SaraKreek Holding are among its clients.

Charles Grossman, managing partner, is chief investment officer and client contact.

J. Henry Schroder Wagg & Co., a British merchant bank, is a partner in the firm.

Schupf, Woltman & Co. Inc.

P.O. Box 179, Hamilton, N.Y. 13346; (315) 824-1333

Total assets managed	$75,000,000
Tax-exempt assets managed:	
Total	$60,000,000
Fully discretionary	$60,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	10
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	2

Schupf, Woltman & Co. Inc., an equity manager, manages portfolios with emphasis on disciplined research and fundamental analysis characterized by contact with industry sources, company management and analysts. Portfolios are highly concentrated, with a core of 10 to 15 equity positions.

Its fixed-income approach is passive.

The asset mix Jan. 1 was 97% stocks, 1.5% bonds and 1.5% cash.

Clients include Agway, Brentwood Associates, Warnaco and Niagara Mohawk Power.

Half its research originates in house; 300 stocks are followed closely and 1,000, generally. On occasion, it uses options and stock index futures.

Paul J. Schupf, president, is chief investment officer. Lee Woltman, vice president, is client contact.

SCNC Advisory Corp.

101 Greystone Blvd., 108 Administration Center, Columbia, S.C. 29226; (803) 765-3885

Total assets managed	$1,397,000,000
Tax-exempt assets managed:	
Total	$525,000,000
Fully discretionary	$525,000,000
No. of portfolio managers	5
Size of research staff	4

SCNC Advisory Corp. offers equity, fixed and balanced capabilities.

Its quantitative equity screen is based on a combination of dividend discount models, earnings momentum and various fundamental ratios.

Bond portfolios consist primarily of U.S. government/agency securities with a maximum average maturity of seven years. Interest rate anticipation is based on economic fundamentals, with little technical analysis.

Of the tax-exempt assets Jan. 1, $43 million was in commingled and $481.6 million in separate accounts. The asset mix was 59% stocks, 30% bonds, 9% cash and 2% equity real estate.

The firm follows 100 stocks closely and 250, generally. Options are used.

Robert R. Beaudette, president, is the chief investment officer. Lynn M. Gantt, senior vice president and trust officer, is the client contact.

Scudder Realty Advisors Inc.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 628-1144

Total assets managed	$520,000,000
Tax-exempt assets managed:	
Total	$520,000,000
Fully discretionary	$150,000,000
Real estate assets managed	$520,000,000
Minimum separate account	$70,000,000
Tax-exempt clients	15
Types of accounts managed	CG
No. of portfolio managers	5

Scudder Realty Advisors Inc. invests in real estate through equity ownership, mortgages and participating hybrid investments.

The asset mix Jan. 1 was 10% equity real estate and 90% mortgages.

Jack T. Wells, president, is the chief investment officer. James Whitten, Candace Thorson, Diane Ward and Mitchell Frieber are the client contacts.

Scudder, Stevens & Clark is the parent company.

Scudder Stevens & Clark

345 Park Ave., New York, N.Y. 10154; (212) 350-8200

Total assets managed	$13,264,000,000
Tax-exempt assets managed:	
Total	$7,161,000,000
Fully discretionary	$7,161,000,000
International assets managed	$112,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	112
Size of research staff	43

Scudder Stevens & Clark handles equity, fixed-income, balanced and international investments.

It is committed to thorough, independent research in order to identify companies experiencing growth in earnings, dividends and assets on a continuing basis. It recognizes the importance of the stock price to value. Options are used.

Its bond investment process relies on original research and close interaction between managers and the market. Interest rate projections and the opportunity/risk in market sectors and issues are critical.

The asset mix Jan. 1 was 26% stocks, 55.1% bonds, 18% cash and 0.9% equity real estate and mortgages.

All its research originates in-house; 450 stocks are followed closely and 1,000, generally.

George S. Johnston, president and chief executive officer, is chief investment officer. Victoria J. Herget, vice president, marketing, is client contact.

Seafirst Bank

Seattle, Wash. 98124; (206) 583-4079

Total assets managed	$2,228,000,000
Tax-exempt assets managed:	
Total	$819,000,000
Fully discretionary	$819,000,000
Real estate assets managed	$129,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	260
Separate	40
Types of accounts managed	CEF
No. of portfolio managers	14
Size of research staff	8

Seafirst Bank offers equity, fixed and balanced capabilities.

Its equity approach combines value and sector emphasis; Graham & Dodd analysis is used.

It takes a sector analysis approach to fixed income, emphasizing mortgage securities and making moderate changes in portfolio duration.

For real estate, it invests in properties with good yield and potential appreciation.

Of the tax-exempt assets Jan. 1, $192 million was in commingled and $627 million in separate accounts.

Boeing, U S WEST, Rockwell International and Pacific Telecom are among its tax-exempt clients.

Research is 60% internally generated; 50 stocks are followed closely and 150, generally.

John Privat, vice president, is the chief investment officer. Barbara Glenn, assistant vice president, is the client contact.

SeaGate Capital Management

245 Summit St., Toledo, Ohio 43603; (419) 259-8169

Total assets managed	$83,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	$65,000,000
Minimum separate account	$500,000
Tax-exempt clients	8
Types of accounts managed	CEF
No. of portfolio managers	2

SeaGate Capital Management, an equity manager, screens a data base for return on investment, earnings growth, dividend growth, stability, relative value and relation multiple to create its universe. It then screens for earnings momentum.

Bonds are purchased only when the firm expects that interest rates will be stable or falling, at which point it identifies the most attractive maturity range.

The asset mix Jan. 1 was 63% stocks, 25% bonds and 12% cash.

Clients include Toledo Hospital, University of Toledo, Toledo Museum of Art and Samborn, Steketee, Otis & Evans.

All its research originates in-house; 2,000 stocks are followed generally.

Jeffrey A. Slade, president, is chief investment officer and client contact.

The firm is a wholly owned subsidiary of Toledo TrustCorp.

Seattle Trust & Savings Bank

Exchange Building, 821 Second Ave., Seattle, Wash. 98104; (206) 223-2141

Total assets managed	$192,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$90,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	239
Separate	181
Types of accounts managed	CEFJ
No. of portfolio managers	3

Seattle Trust & Savings Bank offers equity, fixed, balanced and real estate capabilities.

Business cycle analysis determines the bank's asset allocation between stocks and money market funds.

A bottom-up, below-average P/E approach is used for stock selection, based on Graham & Dodd analysis. Market timing is also used.

Business and credit cycle analysis determines the allocation between long- and short-term bonds. Interest rate changes are anticipated.

Of the tax-exempt assets Jan. 1, $32.4 million was in commingled and $57.6 million in separate accounts. The asset mix was 43% stocks, 25% bonds, 5% cash, 13% equity real estate, 9% mortgages and 5% mortgage-backed securities.

Clients include Robertson, Fowler & Associates; Radiology Consultants; Skilling, Ward, Rogers & Barkshire; and Ben Bridge Jeweler.

Research is 10% internally generated; 100 stocks are followed closely and 300, generally.

Anthony Fieldhouse is vice president and chief investment officer. Dianne L. Brown, assistant vice president, is the client contact.

Second National Bank of Hamilton, Ohio

P.O. Box 477, Hamilton, Ohio 45012; (513) 867-5131

Total assets managed	$137,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Fully discretionary	$41,000,000
Types of accounts managed	CFJ
No. of portfolio managers	1
Size of research staff	1

Second National Bank of Hamilton, Ohio, offers equity, fixed, balanced and real estate capabilities.

Its three common trust funds offer growth, relative value investing and market timing services.

Market timing determines the percentage of dollars invested and length of maturity of the bank's fixed-income common trust fund portfolio. Interest rate anticipation is used.

It uses an outside real estate fund.

The tax-exempt asset mix Jan. 1 was 70% stocks, 20% bonds and 10% cash.

Research is 33% internally generated; 150 stocks are followed closely and 450, generally. Options are used.

Joseph P. Belew, assistant trust officer-investments, is the chief investment officer. William A. Groth II, senior trust officer and vice president, is the client contact.

Securities Counselors of Iowa

208 Second Ave., S.E., Cedar Rapids, Iowa 52406; (319) 366-7801

Total assets managed	$121,000,000
Tax-exempt assets managed:	
Total	$73,000,000
Fully discretionary	$73,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	130
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	5

Securities Counselors of Iowa, primarily an equity manager, recently added fixed-income capabilities.

Its disciplined value added approach to equities means it invests in companies having strong balance sheets whose stocks are undervalued with high yields and low multiples to minimize volatility and protect capital.

Bonds are used primarily when interest rate trends provide a total return greater than stocks and to minimize volatility.

The asset mix Jan. 1 was 80% stocks, 15% bonds and 5% cash.

The net gain in new tax-exempt business for 1984 was $12 million: $10 million in equities and $2 million in fixed; 40 tax-exempt clients were added.

Clients include American Medical Association, Chicago Motor Club and Comdisco.

Research is 80% internally generated; 60 stocks are followed closely and 100, generally.

John N. Knapp, chairman, is chief investment officer. Myron R. Holman, managing director, is client contact.

The firm is a subsidiary of SCI Financial Group.

Security Capital Real Estate

1345 Avenue of the Americas, New York, N.Y. 10105; (212) 399-6505

Total assets managed	$791,000,000
Tax-exempt assets managed:	
Total	$552,000,000
Fully discretionary	$552,000,000
Real estate assets managed	$552,000,000
Tax-exempt clients	138
Types of accounts managed	CGJ

Security Capital Real Estate Corp. is a contrarian, value-oriented real estate manager, buying proven high-cash yielding offices, retail properties and apartments.

It seeks value enhancement through internal property management, and applies a three- to five-year sell discipline.

All assets were in equity real estate Jan. 1.

Clients include K mart, Borden, Southern New England Telephone and Pennsylvania.

John H. Streicker, president, is chief investment officer. Lewis W. Kresch, first vice president, is client contact.

The firm is a wholly owned subsidiary of Security Capital Corp.

Security Funding Corp.

P.O. Box 17583, Salt Lake City, Utah 84117; (801) 272-9261

Total assets managed	$22,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Fully discretionary	$15,000,000
Minimum separate account	$20,000
Tax-exempt clients	93
Types of accounts managed	CFJ
No. of portfolio managers	1
Size of research staff	2

Security Funding Corp., an equity manager, bases its equity approach on a timing formula, switching between no-load growth mutual funds and money market funds.

It searches the market for the highest fixed-income return, including bonds, Treasury bills and money market funds.

The asset mix Jan. 1 was 15% stocks, 25% bonds, 35% cash and 25% Treasury bills.

Clients include Little America and Rice Services.

Research is 75% internally generated. Stock index futures are used.

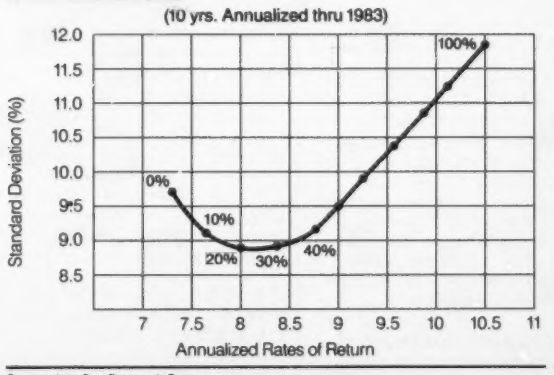
Neil P. Christenson, president, is chief investment officer. Robert P. Christenson is client contact.

The firm manages assets for the trust departments of Zions First National Bank, First Security Bank of Utah and Valley Bank & Trust.

JB&B

International fixed income programs offer a timely way to enhance your domestic bond portfolio

On a Risk Adjusted Basis, Returns are Attractive

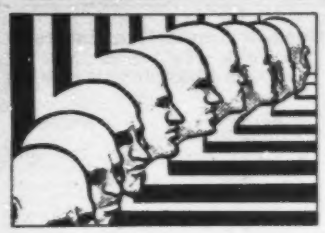


Source: InterSec Research Corp.

Jay A. Dirnberger, Managing Director
JULIUS BAER INVESTMENT MANAGEMENT INC.

New York
330 MADISON AVENUE
NEW YORK, N.Y. 10017
(212) 949-9055

London (Branch)
3 LOMBARD STREET
LONDON EC3V 9ER
(01) 623-4211



Security National Bank of Sioux City, Iowa

Sixth & Pierce, Sioux City, Iowa 51101; (712) 277-6586

Total assets managed	$217,000,000
Tax-exempt assets managed:	
Total	$93,000,000
Fully discretionary	$86,000,000
Minimum separate account	$100,000
Tax-exempt clients:	
Commingled	78
Separate	55
Types of accounts managed	CE
No. of portfolio managers	1
Size of research staff	1

Security National Bank of Sioux City, Iowa, offers equity, fixed and balanced capabilities. It is considering the use of outside, open-end real estate funds.

Its equity approach identifies undervalued stocks not recognized by the current market price that have strong balance sheets and cash positions, a significant amount of unused debt capacity, low P/E multiples, positive earnings growth during the past 10 years if possible, and consistent dividend payments.

Its passive fixed-income strategy is essentially buy and hold. Maturities are shortened when interest rates decline and lengthened when rates rise.

Of the tax-exempt assets on Jan. 1, $28 million was in commingled and $65 million in separate accounts. The asset mix was 40% stocks, 30% bonds and 30% cash.

The bank follows 30 stocks closely and 50, generally.

Michael Moreland is the chief investment officer. Michael W. Shade is the client contact.

Security Norstar Bank

1 East Ave., Rochester, N.Y. 14638; (716) 546-9214

Total assets managed	$1,125,000,000
Tax-exempt assets managed:	
Total	$628,000,000
Fully discretionary	$626,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEF
No. of portfolio managers	17

Security Norstar Bank offers equity, fixed and balanced capabilities.

Its value-oriented equity approach identifies stocks whose prices are significantly less than their intrinsic worth. Contrary ideas are formed.

For fixed income, it compares a bond's current yield to the anticipated inflation rate. Guidelines call for income to exceed the inflation rate by 4% or more. It places empasis on sinking fund issues with some credit analysis. Sector analysis also is used.

Of the tax-exempt assets Jan. 1, $60 million was in commingled and $568 million in separate accounts. The asset mix was 60% stocks, 35% bonds and 5% cash.

Clients include Rochester Gas & Electric, Sybron, Goulds Pumps and Rochester & Pittsburgh Coal.

Research is 10% internally generated; 100 stocks are followed closely and 250, generally.

Trevor C. Lewis, vice president and manager, is the chief investment officer. Francis L. Ostrom III, financial planning officer, is the client contact.

Norstar Investment Advisory Services (NORVEST) is a subsidiary.

Security Pacific Investment Managers Inc.

333 S. Hope St. H39-1, Los Angeles, Calif. 90071; (213) 613-6161

Total assets managed	$4,157,000,000
Tax-exempt assets managed:	
Total	$3,955,000,000
Fully discretionary	$2,221,000,000
Real estate assets managed	$86,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	41
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	5

Security Pacific Investment Managers Inc., an equity and fixed-income manager, believes optimal cash level, sector emphasis and stock characteristics can be established through proper identification of the business cycle phase, enabling it to best take advantage of the effects of the attributes of the economic environment on capital markets.

For fixed income, it uses an interest rate forecasting process to identify the liquification and deliquification phases of the credit cycle. The strategy group then develops a target duration or duration range for portfolios as well as specific maturity, quality and sector guidelines.

Its actively managed open-end commingled real estate fund uses high quality real estate debt-related instruments to generate incremental returns when compared to an actively or passively managed high-quality debt portfolio.

The asset mix Jan. 1 was 30% stocks, 43% bonds and 27% cash.

Clients include Rockwell International, Lockheed, Boeing and U.S. Gypsum.

Research is 30% internally generated; 200 stocks are followed closely and 400, generally. The firm uses options and fixed-income futures.

Lloyd McAdams, president, is the chief investment officer. Heather U. Baines, senior vice president, is the client contact.

The firm is a wholly owned subsidiary of Security Pacific Corp.

Seidman Jackson Fisher

233 N. Michigan Ave., Suite 1812, Chicago, Ill. 60601; (312) 856-1812

Total assets committed	$45,000,000
Tax-exempt assets committed	$15,000,000
Tax-exempt limited partners	12

Seidman Jackson Fisher & Co., founded in 1981, manages two venture capital funds: North American Private Equity Group I, which closed with $25 million in June 1981; and North American Private Equity Group II, which closed in November 1984 with $20 million.

Tax-exempt limited partners committed $9.6 million and $5.6 million respectively.

It provides first-stage financing to buy-outs. The firm has no geographical, industry or project preferences.

Tax-exempt clients include Northern Telecom, Wisconsin Alumni Research Foundation and Ameritech.

The three principals are David C. Seidman, Douglas L. Jackson and Margaret G. Fisher. Mr. Seidman is the client contact.

The Alan G. Seidner Co.

597 E. Green St., Pasadena, Calif. 91101; (213) 681-1024

Total assets managed	$231,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	4
Types of accounts managed	CEFG
No. of portfolio managers	2

The Alan G. Seidner Co., dealing primarily in money market funds, uses yield spread and yield curve analysis to locate best relative fixed-income values.

The asset mix Jan. 1 was 20% bonds and 80% cash.

Clients include UCLA Foundation, FHP and Golden State Foods.

Alan G. Seidner, president, is the chief investment officer. Sandee H. Sheek, administrative assistant, is the client contact.

J & W Seligman & Co. Inc.

1 Bankers Trust Plaza, New York, N.Y. 10006; (212) 488-0212

Total assets managed	$1,585,000,000
Tax-exempt assets managed:	
Total	$1,102,000,000
Fully discretionary	$1,000,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	74
Types of accounts managed	CEFGJ
No. of portfolio managers	13
Size of research staff	11

J & W Seligman & Co. Inc. is an equity, fixed-income and balanced manager.

For equity investments, it primarily picks medium-sized companies for capital appreciation. They must have strong fundamentals, including sales, cash flow and earnings growth.

Fixed-income investments are managed conservatively with emphasis on consistently positive rates of returns. Virtually no credit risk is taken; average maturities are in the short to intermediate range.

The asset mix Jan. 1 was 72% stocks, 21% bonds and 7% cash.

Clients include New York state, Teamsters Local 553, Orange & Rockland Utilities and Control Data.

Research is 65% internally generated; 100 stocks are followed closely and 150, generally.

John D. Lynch, executive vice president, is the chief investment officer. Ernest A. Remig, president, Seligman Marketing Inc., is the client contact.

J.R. Senecal & Associates Investment Counsel Inc.

26 Wellington St. E., Suite 1201, Toronto, Ontario M5E 1S2; (416) 365-0050

Total assets managed	$540,000,000
Tax-exempt assets managed:	
Total	$540,000,000
Fully discretionary	$540,000,000
U.S. assets managed	$75,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	17
Types of accounts managed	CEFU
No. of portfolio managers	4

J.R. Senecal & Associates Investment Counsel Inc., a Canadian balanced manager, uses market timing for equities. Its strategy emphasizes an approach by industry and the heavy use of cash when it is bearish.

In fixed income, it uses active management primarily, characterized by significant changes in the average term to maturity and the extensive use of cash.

The asset mix Jan. 1 was 2% Canadian stocks, 5% bonds and 93% cash.

Ten percent of its research is generated internally; 40 stocks are followed generally.

Three clients are pension funds of subsidiaries of U.S. firms.

Joseph R. Senecal is the chief investment officer; Richard F. Crowe is the client contact.

Sentry Investment Management Inc.

1800 N. Point Drive, Stevens Point, Wis. 54481; (715) 346-6822

Total assets managed	$1,700,000,000
Tax-exempt assets managed:	
Total	$361,000,000
Real estate assets managed	$2,000,000
Tax-exempt clients:	
Pooled	184
GICs	15
Types of accounts managed	C
No. of portfolio managers	4

Sentry Investment Management, the investment arm of the Sentry Insurance Co., offers equity and fixed-income capabilities.

The firm's equity approach is based on growth stock; fixed-income is focused on interest rate anticipation. The firm uses options.

Of the tax-exempt assets managed Jan.1, $139 million from 184 clients was in pooled separate accounts. The asset mix was 93% stocks and 7% cash.

David R. Miller, president, is the chief investment officer. David H. Mason, vice president-group pensions, is the client contact.

Shaw Management Co. Inc.

851 S.W. Sixth, Portland, Ore. 97204; (503) 228-4884

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	8
Types of accounts managed	CE
No. of portfolio managers	4
Size of research staff	4

Shaw Management Co. Inc., an equity manager, combines Graham & Dodd analysis with low P/E stocks in a value-oriented equity approach emphasizing companies expected to enjoy positive trend shifts. Its fixed-income approach is passive.

The asset mix Jan. 1 was 65% stocks and 35% cash.

Half its research originates in-house; 40 stocks are closely followed.

Ralph R. Shaw, president, is chief investment officer and client contact.

Shawmut Banks

1 Federal St., Boston, Mass. 02211; (617) 292-3885

Total assets managed	$2,950,000,000
Tax-exempt assets managed:	
Total	$1,325,000,000
Minimum separate account	$250,000
Types of accounts managed	CEFGJ

Shawmut Banks offers equity, fixed and balanced capabilities.

For equities, it takes a value-oriented approach; for fixed income, interest rate anticipation is used.

Of the tax-exempt assets Jan. 1, $211 million was in commingled and $1.1 billion in separate accounts. The asset mix was 40% stocks, 43% bonds and 17% cash.

The bank follows 100 stocks closely.

Thomas Brown, senior vice president, is the chief investment officer. Peter A. Wilson, vice president, is the client contact.

One Federal Asset Management Inc. is a subsidiary.

Shearson Asset Management Inc.

2 World Trade Center, New York, N.Y. 10048; (212) 321-5313

Total assets managed	$3,100,000,000
Tax-exempt assets managed:	
Total	$1,005,000,000
Fully discretionary	$1,005,000,000
Minimum separate account	$200,000
Tax-exempt clients	415
Types of accounts managed	CEFJ
No. of portfolio managers	15

Shearson Asset Management Inc., an equity and balanced manager, combines Graham & Dodd analysis with sector rotation in its equity approach. It seeks stocks with lower than average P/E ratios, higher-than-average book value per share and stocks that have a higher-than-average dividend yield.

Fixed-income investments are designed to mitigate risk and smooth performance. The firm purchases mainly U.S. Treasury securities in maturities ranging from two to 10 years.

The asset mix Jan. 1 was 45% stocks, 45% bonds and 10% cash.

The firm netted $50 million in tax-exempt business for 1984, split evenly between equities and fixed income; 25 tax-exempt clients were added. Fifty stocks are followed closely and 150, generally.

Harry D. Cohen, president, is the chief investment officer. Warren Bender, senior vice president, is the client contact.

The firm is an independent subsidiary of Shearson Lehman Brothers Inc.

Shields Asset Management

701 Westchester Ave., White Plains, N.Y. 10604; (914) 684-6900

Total assets managed	$1,739,000,000
Tax-exempt assets managed:	
Total	$1,739,000,000
Fully discretionary	$1,600,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	70
Types of accounts managed	GJ
No. of portfolio managers	7

Shields Asset Management Inc., a balanced manager, follows a low-risk approach in both stocks and bond management.

Equities are selected on a relative value basis and are sector rotated. Bonds are actively managed using a portfolio optimization process to achieve a targeted return.

The asset mix Jan. 1 was 35% stocks, 55% bonds and 10% cash.

The firm netted $80 million in new tax-exempt business for 1984, evenly split between equities and fixed.

Clients include Superior Officers Council, New York City Police, Directors Guild of America and Producers Pension Plan.

Half its research originates in house; 100 stocks are followed closely and 1,000, generally.

Wilfred Lumer, vice chairman, is the chief investment officer. Richard Nolan, executive vice president, is the client contact.

Siebel Capital Management

80 E. Sir Francis Drake Blvd., Larkspur, Calif. 94939; (415) 461-3850

Total assets managed	$995,000,000
Tax-exempt assets managed:	
Total	$884,000,000
Fully discretionary	$884,000,000
Minimum separate account	$4,000,000
Tax-exempt clients	81
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	2

Siebel Capital Management Inc., an equity manager, makes a selection of value-oriented securities the primary focus of its equity philosophy.

With its fixed-income investments, it seeks to produce positive returns that exceed returns from short-term instruments, maintain low exposure to risks and volatility and continuously preserve capital. Interest rate anticipation is used.

The asset mix Jan. 1 was 75% stocks, 15% bonds and 10% cash.

The net gain in new tax-exempt business for 1984 was $25.5 million in equities; 13 tax-exempt clients were added.

Clients include Minnesota, General Dynamics, Ohio State University and Xerox.

Research is 40% to 50% internally generated; 70 stocks are followed closely and 700, generally.

Kenneth F. Siebel, president, is the chief investment officer. Lawrence A. Mitchell, executive vice president, is the client contact.

The firm became a wholly owned subsidiary of Equitec Financial Group Inc.

Simmons Financial Management Inc.

2300 N. Mayfair Road, Suite 805, Milwaukee, Wis. 53226; (414) 476-4060

Total assets managed	$55,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$250,000
No. of portfolio managers	2

Simmons Financial Management Inc., an equity manager, takes a passive approach to equities, with a value orientation toward market leadership.

For fixed income, it uses interest rate anticipation and a combination of credit quality and yield emphasizing stability of repayment.

Research is 20% internally generated; 100 stocks are followed closely and 300, generally.

Harold W. Simmons is the chief investment officer. James A. Karpowicz is the client contact.

Simms Capital Management

7 E. 76th St., New York, N.Y. 10021; (212) 861-2830

Total assets managed	$0
Minimum separate account	$10,000,000
No. of portfolio managers	3

Simms Capital Management Ltd., which opened its doors Jan. 1, has equity, balanced and global equity capabilities.

The firm's equity approach uses an active allocation process with a top-down, bottom-up approach. It seeks real return and has a balanced orientation.

Its fixed-income approach uses a top-down focus on yield curve direction, primarily using first-quality, intermediate-term issues.

The firm generates about half of its research internally; more than 100 stocks are followed closely and more than 500, generally. The firm uses options and stock index futures.

Robert A. Simms, senior partner, is the chief investment officer. Sarah Morton-Jones, assistant portfolio manager, is the client contact.

International investment management will be reviewed June 24.

Simpson Capital Management Co.

3108 PSFS Building, Philadelphia, Pa. 19107; (215) 629-0162

Total assets managed	$22,000,000
Tax-exempt assets managed:	
Total	$6,000,000
Fully discretionary	$6,000,000
Minimum separate account	$400,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	1

Simpson Capital Management Co., a balanced manager, combines Graham & Dodd analysis with growth, emerging growth and low P/E stocks, sector rotation and market timing in its equity approach.

For fixed income, it employs interest rate anticipation.

The asset mix Jan. 1 was 40% stocks and 60% cash.

Half its research originates in-house; 100 stocks are followed closely. Options are used.

Allen J. Simpson, proprietor, is chief investment officer and client contact.

Sirach Inc. Investment Counsel

3110 One Union Square, Seattle, Wash. 98101; (206) 624-3800

Total assets managed	$55,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Fully discretionary	$46,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	21
Types of accounts managed	CEJ
No. of portfolio managers	3
Size of research staff	1

Sirach Inc. Investment Counsel is a balanced manager that also handles equity and fixed income.

Combining growth stock with sector rotation in its equity approach, it buys successful companies with increasing earnings at a reasonable price (close to market P/E ratios). It uses both fundamental and technical analysis.

Its fixed-income management is primarily a function of interest rate anticipation. It also uses sector swapping and spread analysis.

The asset mix Jan. 1 was 57% stocks, 38% bonds and 5% cash.

Clients include Alaska Bricklayers, BOMA Pension Trust and Alaska United Drilling.

Research is 30% internally generated; 45 stocks are followed closely and 55, generally.

George Kauffman, senior vice president, is the chief investment officer. Kenneth E. Carlson, vice president, is the client contact.

Sit Investment Associates

1714 First Bank Place West, Minneapolis, Minn. 55402; (612) 332-3223

Total assets managed	$1,140,000,000
Tax-exempt assets managed:	
Total	$1,089,900,000
Fully discretionary	$1,089,000,000
Minimum separate account	$15,000,000
Tax-exempt clients	25
Types of accounts managed	CFG
No. of portfolio managers	5
Size of research staff	1

Sit Investment Associates Inc., an equity and fixed-income manager, has a rotational equity style. It capitalizes on the intention of the firm to remain moderate in size and thereby permit meaningful sector shifts to be made to maximize portfolio opportunity.

For fixed income, a total return approach is emphasized, which is rotational and value-oriented while using interest rate forecasts and risk control techniques (including options and futures).

The asset mix Jan. 1 was 88% stocks, 7% bonds and 5% cash.

The net gain in new tax-exempt business for 1984 was $253 million — $227 million in equities and $26 million in fixed. Three tax-exempt clients were added. Research is 60% internally generated; 200 stocks are followed closely and 500, generally.

Minimum account size for separate management is $15 million for fixed income and $20 million for equity.

Eugene C. Sit, president and chief executive officer, is the chief investment officer. Peter L. Mitchelson, executive vice president, is the client contact.

Smathers & Co. Inc.

Box 2390, Long Beach, Calif. 90801; (800) 334-2116, (800) 323-7544

Total assets managed	$60,000,600
Tax-exempt assets managed:	
Total	$35,000,000
Fully discretionary	$35,000,000
Minimum separate account	$25,000
Tax-exempt clients	25
Types of accounts managed	C
No. of portfolio managers	3

Smathers & Co. Inc., an equity manager, takes a market timing approach to equity.

All assets were in stocks Jan. 1.

Research is 70% internally generated.

Frank G. Smathers is chief investment officer. Scott M. Smathers, executive vice president, is client contact.

Smith Affiliated Capital Corp.

1221 Avenue of the Americas, New York, N.Y. 10020; (212) 382-1680

Total assets managed	$161,000,000
Tax-exempt assets managed:	
Total	$138,000,000
Fully discretionary	$138,000,000
Tax-exempt clients	23
Types of accounts managed	CEFCJ
No. of portfolio managers	2
Size of research staff	3

Smith Affiliated Capital Corp., a balanced and fixed-income manager, takes a growth stock, low P/E approach to equity. Portfolios are equally weighted with a maximum of names with a third in primary growth stocks and the balance in supplemental (e.g., small capitalization stocks or industries with a strong near-term technical or fundamental outlook).

For fixed income, it practices interest rate anticipation. It has a capital-market driven approach to maturity and/or ratio of cash equivalents to the fully invested position.

The asset mix Jan. 1 was 40% stocks, 55% bonds and 5% cash.

Clients include U.S. Playing Card, Passaic (N.J.) County and American University in Cairo.

Half its research originates in-house; 40 stocks are followed closely and 50, generally.

Robert G. Smith, president, is the chief investment officer. William C. Hay, executive vice president, is the client contact.

Smith Barney, Harris Upham & Co. Inc./Capital Management Division

1345 Avenue of the Americas, New York, N.Y. 10105; (212) 399-6141

Total assets managed	$926,000,000
Tax-exempt assets managed:	
Total	$661,000,000
Fully discretionary	$598,000,000
Tax-exempt clients	43
Types of accounts managed	CEFGJ
No. of portfolio managers	7

Smith Barney, Harris Upham & Co./Capital Management Division handles equity, fixed-income and balanced accounts.

Its equity approach is to aggressively seek the highest possible total return within the risk of tolerance of the client. Its objective is to earn a real rate of return superior to the market averages over the course of a market cycle.

For fixed income, it uses active management of quality marketable issues. Changes are made in maturity, quality, coupon and sector composition of its portfolios based on the trend of interest rates and relative valuation of market areas.

The asset mix Jan. 1 was 41% stocks, 39% bonds, 19% cash and 1% convertibles.

Tax-exempt clients include Scovill, PPG Industries, Vinson Supply and Lockheed.

Research is 65% to 75% internally generated; 50 stocks are followed closely and 200 to 225, generally. The firm makes use of the 56 analysts in Smith Barney's research department.

Bruce D. Sargent, senior vice president and manager, is the chief investment officer. Robert L. Battel, first vice president, is the client contact.

The firm is a major division of Smith Barney, an investment banking firm, whose assets total $3 billion.

Cabanne Smith Associates

101 Bryn Mawr Ave., Suite 362, Bryn Mawr, Pa. 19010; (215) 525-8350

Total assets managed	$47,000,000
Tax-exempt assets managed:	
Total	$42,000,000
Fully discretionary	$42,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	4
Types of accounts managed	CEGJ
No. of portfolio managers	1
Size of research staff	1

Cabanne Smith Associates is an equity manager seeking the maximum long-term performance consistent with reasonable risk. Through fundamental stock picking, it will outperform popular stock market averages over any three-year period. Growth and emerging growth stocks, low P/E ratios and Graham & Dodd analysis are a part of its approach.

The asset mix Jan. 1 was 81% stocks, 4% bonds and 15% cash.

Net gain in new business for 1984 was $25 million; two tax-exempt clients were added.

Clients include AMP, Boeing and Fox Steel.

Research is 35% internally generated; 250 stocks are followed closely and 500, generally.

Cabanne C. Smith, president, is chief investment officer and client contact. Susan Cowan, office manager, also is client contact.

Donald Smith & Co. Inc.

15 Essex Road, Paramus, N.J. 07652; (201) 368-9210

Total assets managed	$215,000,000
Tax-exempt assets managed:	
Total	$215,000,000
Fully discretionary	$215,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	5
Types of accounts managed	CEG
No. of portfolio managers	2
Size of research staff	3

Donald Smith & Co. Inc., an equity manager, buys only deeply undervalued securities with limited downside risk and substantial upside potential. Portfolios have lower price/book value and P/E ratios and higher yields than most institutional portfolios. Graham & Dodd analysis is used.

Sector analysis is used in fixed income.

The asset mix Jan. 1 was 56% stocks, 16% bonds and 28% cash.

Clients include Allied, Pace, Harvard and Brown Universities.

Research is 90% internally generated; 100 stocks are followed closely and 200, generally.

Donald G. Smith, president, is chief investment officer and client contact.

Herbert R. Smith Inc.

1105 Holliday, Wichita Falls, Texas 76301; (817) 723-5565

Total assets managed	$1,304,000,000
Tax-exempt assets managed:	
Total	$198,000,000
Fully discretionary	$198,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	26
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Herbert R. Smith Inc. handles equity, fixed-income and balanced accounts.

It believes a high and/or increasing return on shareholders' equity (accelerating earnings) is the engine that drives both investor psychology (P/E multiples) and earnings. Growth and emerging growth stocks, quantitative analysis and market timing are part of its equity approach.

Yield curve analysis is used to determine fixed-income maturity selection, which complements its economic and interest rate projections. Buy/sell decisions are fundamentally based with technical review and confirmation.

The asset mix Jan. 1 was 70% stocks, 10% bonds and 20% cash.

Clients include Minnesota, Texas Instruments, Honeywell and Mitchell Energy. Research is 30% internally generated; 150 stocks are closely followed.

Herbert R. Smith, president, is chief investment officer and client contact.

Smoot, Miller, Cheney & Co.

Crandall Building, Suite 312, 10 W. First South, Salt Lake City, Utah 84101; (801) 328-4835

Total assets managed	$1,100,000,000
Tax-exempt assets managed:	
Total	$1,085,000,000
Fully discretionary	$1,085,000,000
Real estate assets managed	$3,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	78
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	1

Smoot Miller Cheney & Co., an equity and balanced manager, combines low P/E stocks, sector rotation, Graham & Dodd analysis and market timing in its equity approach.

For fixed income, interest rate anticipation is practiced.

Courtesy of the Baseball Hall of Fame, Cooperstown, NY

We don't try for home runs either.

His name was Wee Willie Keeler, baseball's greatest place-hitter. Standing no taller than the batboy, his lifetime average of .345 remains today as one of the highest in baseball history. Yet in 17 seasons he managed to hit only 32 home runs. Some people say he never meant to hit any.

His approach to baseball was simple. Rather than go for the long ball, he just "hit 'em where they ain't." The result: 3 batting titles, an all-time major league record for most singles in a season with 202, and an entire season (564 at bats) without striking out once.

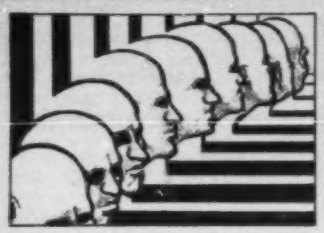
At Rampart, we don't try for homeruns either. Instead, we emphasize low risk, highly consistent returns, making use of option/equity skills that we've been developing for over a decade.

Unlike Wee Willie, we at Rampart will never make it to Cooperstown. But in our business, performance, not fame, is the name of the game.

RAMPART
INVESTMENT MANAGEMENT COMPANY, INC.

Providing unique option/equity programs for Institutional Investors.

50 Federal Street, Boston, MA 02110 (617) 423-1171



The asset mix Jan. 1 was 55% stocks, 30% bonds and 15% cash. The firm had $3 million in mortgages.

Clients include Utah, Orange County, Arizona Pipe Trades and Montana Power.

Research is 60% internally generated; 75 stocks are followed closely and 150, generally.

Wendell M. Smoot Jr., president, is chief investment officer. Lynn C. Miller, vice president, is client contact.

Society National Bank

127 Public Square, Cleveland, Ohio 44114; (216) 622-8573

Total assets managed	$825,000,000
Tax-exempt assets managed:	
Total	$570,000,000
Fully discretionary	$570,000,000
Minimum separate account	$250,000
Tax-exempt clients	370
Types of accounts managed	CEFJ
No. of portfolio managers	5

Society National Bank offers equity, fixed and balanced capabilities.

Its equity approach analyzes the trend of company profitability and P/E ratios relative to the S&P 400 to determine whether to buy, sell or hold.

For fixed income, it uses interest rate anticipation.

Of the tax-exempt assets Jan. 1, $60 million was in commingled and $510 million in separate accounts. The asset mix was 20% stocks, 47% bonds, 9% cash and 24% GICs.

The bank follows 200 stocks closely and 1,700, generally.

Donald Cruse Jr., senior vice president, is the chief investment officer. Michael P. Fisher, vice president, is the client contact.

Solomon Asset Management

71 Broadway, Suite 1201, New York, N.Y. 10006; (212) 509-8122

Total assets managed	$735,000,000
Tax-exempt assets managed:	
Total	$574,000,000
Fully discretionary	$574,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	13
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	2

Solomon Asset Management Inc. is a fixed-income manager specializing in high-yield securities. It is involved in many segments of the high-yield, lower-rated bond market. While the mix of securities varies depending on yield spreads, the approach that it prefers is an aggressive one, seeking high total returns. Within this strategy, it seeks the best risk-return investments without attempting to time interest rates or the economy.

The asset mix Jan. 1 was 2% stocks, 93% bonds and 5% cash.

The net gain in new tax-exempt business for 1984 was $160 million, half in fixed and half in convertible bonds. Four tax-exempt clients were added.

Clients include GTE, Allied, Standard Oil (Indiana) and Xerox.

Research is 90% internally generated.

David B. Solomon, president, is chief investment officer. Marianne G. Murphy, vice president, is client contact.

Somerset Capital Management Inc.

52 Vanderbilt Ave., New York, N.Y. 10017; (212) 490-1353

Total assets managed	$62,000,000
Tax-exempt assets managed:	
Total	$38,000,000
Fully discretionary	$38,000,000
Minimum separate account	$500,000
Tax-exempt clients	16
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	2

Somerset Capital Management Inc. is an equity manager that tries to invest in America's best-run companies characterized by outstanding historical growth. Portfolios exhibit high three-year earnings growth rates, low P/E ratios and much lower risk profiles than other equity managers. Sector rotation is used.

The asset mix Jan. 1 was 85% stocks and 15% cash.

Clients include Daily News Guild, Weissglass and Massman Construction.

Half its research originates in-house; 50 to 75 stocks are followed closely and 50 to 75, generally.

Mark W. Ettinger, vice president, is chief investment officer. Michael Schaenen, president, is client contact.

The firm is a subsidiary of Schaenen Jacobs Etheredge & Co. Inc., a member of the New York Stock Exchange.

P&I Age will report on middle market funds June 10.

Somerset Trust Co.

P.O. Box 837, Somerville, N.J. 08876; (201) 685-8962

Total assets managed	$70,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Minimum separate account	$100,000
Types of accounts managed	CF
No. of portfolio managers	2

Somerset Trust Co. offers equity, fixed and balanced capabilities.

It takes a passive approach to equity and fixed-income investments.

The asset mix Jan. 1 was 40% stocks, 55% bonds and 5% cash.

Research is 10% internally generated; 25 stocks are followed closely and 50, generally.

Thomas D. Pearsall, senior vice president, is chief investment officer and client contact.

Southeastern Asset Management Inc.

5860 Ridgeway Parkway, Suite 408, Memphis, Tenn. 38119; (901) 761-2474

Total assets managed	$763,000,000
Tax-exempt assets managed:	
Total	$530,000,000
Fully discretionary	$364,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	118
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Southeastern Asset Management Inc., an equity manager, uses Graham & Dodd analysis for equity investments.

Its fixed-income approach is passive.

The asset mix Jan. 1 was 74.1% stocks, 23.4% bonds and 2.5% cash.

The net gain in new tax-exempt business for 1984 was $175 million; 38 tax-exempt clients were added.

Florida, University of Tennessee, Malone & Hyde Inc. and Jacksonville, Fla., are among its clients.

Research is 90% internally generated; 200 stocks are followed closely and 500, generally. Options are used.

O. Mason Hawkins, chairman, is chief investment officer. Trow Gillespie Jr., vice president, is client contact.

Sovran Bank

12th & Main Streets, Richmond, Va. 23261; (804) 788-2000

Total assets managed	$3,500,000,000
Tax-exempt assets managed:	
Total	$1,200,000,000
Fully discretionary	$900,000,000
International assets managed	$2,000,000
Minimum separate account	$5,000,000
Types of accounts managed	CEFG
No. of portfolio managers	10
Size of research staff	4

Sovran Bank offers equity, fixed-income, balanced and international capabilities.

Its fundamental bottom-up analytical equity approach emphasizes low P/E ratio stocks with earnings momentum.

For fixed income, the primary emphasis is on sector analysis; secondary emphasis is on yield curve analysis and interest rate forecasting.

Of the tax-exempt assets Jan. 1, $225 million was in commingled and $975 million in separate accounts. The asset mix was 55% stocks, 40% bonds and 5% cash.

The bank had $2 million invested in international stocks for U.S. tax-exempt clients.

It netted $380 million in new tax-exempt business for 1984; 69 tax-exempt clients were added.

Clients include CSX, District of Columbia, Ethyl and Fort Worth, Texas.

Research is 10% internally generated; 125 stocks are followed closely and 800, generally. Options are used.

Stuart A. Sachs, trust executive officer, is the chief investment officer. Don Griffith, senior vice president, is the client contact.

The Spangler Group Inc.

1 Boston Place, Boston, Mass. 02108; (617) 523-5557

Total assets managed	$173,000,000
Tax-exempt assets managed:	
Total	$120,000,000
Fully discretionary	$100,000,000
International assets managed	$8,000,000
Minimum separate account	$100,000
Tax-exempt clients	21
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	3

The Spangler Group Inc., an equity and international manager, combines Graham & Dodd analysis and growth and emerging growth stocks in its equity approach. Investments are selected globally for their capital appreciation as well as their current income potential. Portfolio parameters are flexible, based on analysis of world economic and stock market cycles.

Its fixed-income approach is global and flexible, backed by the ability to rapidly shift from a controlled strategy of immunization to one of active management. Interest rate anticipation and sector analysis are used.

The asset mix Jan. 1 was 70% stocks, 10% bonds, 12% cash and 8% ADRs. Clients include Halcyon, Morey Paper Mill Supply and National Perforating.

Research is 40% internally generated; 40 stocks are followed closely and 80, generally. The firm uses options and stock index and fixed-income futures.

Mark Emerson Spangler, president, is chief investment officer and client contact.

George B. Springman Inc.

44 Montgomery St., San Francisco, Calif. 94104; (415) 362-5005

Total assets managed	$94,000,000
Tax-exempt assets managed:	
Total	$94,000,000
Fully discretionary	$94,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	1
Types of accounts managed	G
No. of portfolio managers	1

George B. Springman, an equity manager, has a decidedly conservative investment philosophy, with a focal point of preservation of capital. Evaluation is the cornerstone. The equity manager uses Graham & Dodd analysis and seeks low P/E stocks.

The asset mix Jan. 1 was 88.1% stocks and 11.9% cash.

San Francisco City & County is its tax-exempt client.

Research is 35% internally generated; 50 stocks are followed closely and 200, generally.

George B. Springman, president, is chief investment officer and client contact.

Sprout Group

140 Broadway, New York, N.Y. 10005; (212) 902-2492

Total assets committed	$187,000,000
Tax-exempt assets committed	$69,000,000
Tax-exempt limited partners	18

The Sprout Group, founded in 1969 with the name Sprout Capital Group, manages seven funds.

The funds, closing dates and assets committed are: Sprout Capital Group, September 1969, $11.5 million; Sprout Capital Group II, December 1971, $18.2 million; Sprout Capital III, December 1976, $20.3 million; Sprout Capital IV, December 1978, $40 million; Sprout Investment N.V., August 1978, $13.1 million; Sprout Capital V, November 1983, $75 million; and Sprout Technology Fund, April 1984, $8.6 million.

Tax-exempt limited partners contributed $3.9 million to Sprout Capital Group, $7.1 million to Sprout Capital Group II, $5.9 million to Sprout Capital III, $14.4 million to Sprout Capital IV and $37.5 million to Sprout Capital V.

The group provides seed, start-up, first-stage, second-stage, research and development and leverage buy-out financing. It is a private venture capital firm, SBIC.

It has no industry preferences, but will not consider investments in entertainment.

Tax-exempt limited partners include Litton, General Foods and GE.

The principals are Richard E. Kroon, Peter T. Grauer, Gary W. Kalbach, David L. Mordy, Larry E. Reeder and Lloyd D. Ruth.

The client contacts are Mr. Kroon in New York; Mr. Reeder at (617) 570-8700; and Mr. Kalbach and Mr. Ruth at (408) 554-1515.

Standard Life Assurance Co.

1245 Sherbrooke St. W., Montreal, Quebec H3G 1G3; (514) 284-6906

Total assets managed	$4,884,000,000
Tax-exempt assets managed:	
Total	$1,980,000,000
Fully discretionary	$1,980,000,000
Real estate assets managed	$106,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	214
Types of accounts managed	CGU
No. of portfolio managers	8
Size of research staff	4

The Standard Life Assurance Co., a Canadian firm, has equity, fixed-income, balanced and real estate capabilities.

It emphasizes the long-term value of equities as opposed to other traditional asset classes. It focuses on growth and emerging growth stocks, sector rotation and Graham & Dodd analysis.

In fixed income, it uses interest rate anticipation. Quality and liquidity are stressed, and value is added through cyclical and spread trading.

Its pooled real estate fund consists of a diversified portfolio of income-producing properties located in cities across Canada.

The asset mix Jan. 1 was 54% Canadian stocks, 27% bonds, 9% cash, 2% equity real estate, 4% mortgages and 4% U.S. stocks.

A third of its research is generated internally; 70 stocks are followed closely and 120, generally.

Roy R. Naudie is the chief investment officer; Paul de Savoye is the client contact.

Standish, Ayer & Wood Inc.

1 Financial Center, Boston, Mass. 02111; (617) 350-6100

Total assets managed	$4,338,000,000
Tax-exempt assets managed:	
Total	$1,550,000,000
Fully discretionary	$1,550,000,000
International assets managed	$5,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	85
Types of accounts managed	CEFG
No. of portfolio managers	13
Size of research staff	7

Standish, Ayer & Wood Inc. handles equity, fixed-income and balanced accounts.

It employs a contrarian, value growth approach to equity, stressing fundamental analysis. Medium capitalization companies are emphasized.

For fixed income, it concentrates on sector analysis and the use of novel instruments within an intermediate maturity orientation.

The asset mix Jan. 1 was 43% stocks, 45% bonds and 12% cash. The firm had $5 million in international stocks.

The net gain in new tax-exempt business for 1984 was $200 million; six new tax-exempt clients.

All its research originates in-house; 300 stocks are closely followed. The firm uses options and fixed-income futures.

D. Barr Clayson, managing director, is the chief investment officer. John P. Wilkins, managing director, is the client contact.

Stanfill Paulson & Co.

351 California St., San Francisco, Calif. 94104; (415) 391-4170

Total assets managed	$14,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$10,000,000
No. of portfolio managers	2
Size of research staff	2

Stanfill Paulson & Co., a real estate manager, believes investment security and yields to be enhanced by retaining and motivating the entrepreneur. It prefers joint venture and participating debt investment formats.

The asset mix Jan. 1 was 50% equity real estate and 50% mortgages.

John Stanfill, general partner, is the chief investment officer. Jon Paulson, general partner, is the client contact.

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(202) 364-6900.

PAMCO

POTOMAC ASSET MANAGEMENT, INC.

State Street Bank & Trust Co.

225 Franklin St., Boston, Mass. 02101; (617) 654-3222

Total assets managed	$11,273,000,000
Tax-exempt assets managed:	
Total	$9,450,000,000
Fully discretionary	$9,450,000,000
International assets managed	$452,000,000
Tax-exempt clients:	
Commingled	1,200
Separate	105
Types of accounts managed	CEFGJ
No. of portfolio managers	17
Size of research staff	11

State Street Bank and Trust Co. offers equity, fixed, balanced, real estate, international futures, asset allocation and options capabilities.

Its passive equity approach structures portfolios to match specific benchmarks, including variations on the S&P 500 stock index such as equally weighted and reversed rebalanced strategies.

For fixed-income clients, it focuses on intelligent risk management for active, immunized, dedicated and indexed fixed-income portfolios. It specializes in using financial futures to alter a portfolio's asset allocation and risk profile.

It offers a series of closed-end, commingled real estate funds, and primarily will employ debt instruments with equity participation in tax-efficient, hedged interests in commercial, industrial and retail real property, nationwide.

Of the tax-exempt assets Jan. 1, $5 billion was in commingled and $4.4 billion in separate accounts. The asset mix was 25% stocks, 22% bonds, 45% cash, 1% equity real estate, 4% mortgage-backed securities and 3% futures.

The firm netted $1.340 billion in new tax-exempt business for 1984; it added 36 tax-exempt clients.

Clients include Exxon, IBM, World Bank and AT&T.

Half its research originates in-house; 250 stocks are followed closely and 700, generally.

Lyle H. Davis is senior vice president and the chief investment officer. Thomas P. Hogan, vice president, is the client contact.

State Street Research & Management Co.

225 Franklin St., Boston, Mass. 02110; (617) 482-3920

Total assets managed	$11,100,000,000
Tax-exempt assets managed:	
Total	$10,800,000,000
Types of accounts managed	CEF
No. of portfolio managers	12

State Street Research & Management Co. is known for its strong fundamental research in equity management. The bottom-up approach focuses on high-quality stocks.

George F. Bennett is chairman of the board; Charles Smith is president.

Steele & Co. Ltd.

42 E. Gay St., Suite 1312, Columbus, Ohio 43215; (614) 461-5901

Total assets managed	$24,500,000
Tax-exempt assets managed:	
Total	$1,500,000
Fully discretionary	$1,000,000
Minimum separate account	$1,000,000
Types of accounts managed	C
No. of portfolio managers	1

Steele & Co., a fixed-income manager, was established August 1984.

Stocks and sectors are picked on relative strength and earning momentum. Market timing is based on trend analysis.

Fixed-income investments are based on market timing, using an analysis of major, intermediate and short-term trends and other proprietary fundamental and technical work.

Research is 10% internally generated; 15 to 20 stocks are followed closely and 50, generally.

Michael B. Steele is chief investment officer and client contact.

Stein Roe & Farnham

150 S. Wacker Drive, Chicago, Ill. 60606; (800) 621-0615

Total assets managed	$3,604,000,000
Tax-exempt assets managed:	
Total	$4,313,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	670
Types of accounts managed	CEFGJ
No. of portfolio managers	60
Size of research staff	33

Stein Roe & Farnham handles equity, fixed-income and balanced accounts.

Its advanced proprietary, computer-based information management allows for coverage of the broadest array of investment opportunities. Its experienced research analysts make 1,000 corporate visits each year. Quantitative and qualitative analysis are blended with growth stock and sector rotation techniques.

Fixed-income portfolios are low risk. The objective is to improve return and reduce risk through sector analysis and interest rate anticipation. Credit research and alternative economic forecasts are produced internally.

The asset mix Jan. 1 was 47% stocks, 43% bonds and 10% cash.

The firm added 19 new tax-exempt clients in 1984.

Research is 90% internally generated; 600 stocks are followed closely and 6,000, generally. The firm uses options, stock index and fixed-income futures.

Lawrence Hickey is chief investment officer. Richard Ford is client contact.

Steinhardt Partners/Institutional Partners

605 Third Ave., New York, N.Y. 10158; (212) 490-2727

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$150,000,000
Tax-exempt clients	35
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	3

Steinhardt Partners/Institutional Partners takes a hedge fund approach to equity management. It attempts superior stock selection, both long and short, in an attempt to make some gains in all market environments.

The tax-exempt asset mix Jan. 1 was 80% stocks, 10% bonds and 10% cash.

It uses interest rate futures to attempt capital gains when it foresees a near-term (one- to three-month) move in interest rates.

The net gain in new tax-exempt business for 1984 was $20 million; three tax-exempt clients were added.

Research is 20% internally generated; 50 stocks are followed closely and 500, generally. The firm uses options and stock index and fixed-income futures.

Michael Steinhardt, managing partner, is the chief investment officer. Richard Pollack, general partner, is the client contact.

Stephenson & Co.

899 Logan St., Suite 600, Denver, Colo. 80203; (303) 837-1700

Total assets managed	$96,000,000
Tax-exempt assets managed:	
Total	$61,000,000
Fully discretionary	$61,000,000
Minimum separate account	$250,000
Tax-exempt clients	41
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	1

Stephenson & Co., an equity and balanced manager, emphasizes protecting clients' equity portfolios in adverse markets through aggressive asset allocation.

Its stock selection blends technical/fundamental with focus on stocks in the lowest third of P/E and price/book ratio ranges.

For fixed income, the manager's bond strategies emphasize consistent returns by purchasing high-quality, short- to intermediate-term issues.

The asset mix Jan. 1 was 65% stocks, 20% bonds and 15% cash.

Research is 70% internally generated; 125 stocks are followed closely and 1,500, generally.

A. Emmet Stephenson Jr., founder, is the chief investment officer. D. Kent Sawyers is the client contact.

Sterling Capital Management

1770 Independence Center, Charlotte, N.C. 28246; (704) 372-8670

Total assets managed	$548,000,000
Tax-exempt assets managed:	
Total	$425,000,000
Fully discretionary	$425,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	95
Types of accounts managed	CEFG
No. of portfolio managers	4

Sterling Capital Management Co., an equity manager, combines sector rotation and market timing in its equity approach. Its philosophy is risk-averse; it tries to have much less volatility than the equity market and other equity managers in general.

The asset mix Jan. 1 was 0.6% stocks, 3% bonds and 96.4% cash.

The net gain in new tax-exempt business for 1984 was $95 million; 15 tax-exempt clients were added.

Clients include Bowater Southern Paper, Nucor, Piedmont Aviation and Duke Endowment.

Half its research originates in-house; 200 stocks are followed closely and 1,000, generally.

W. Olin Nisbet, president, is chief investment officer. Harry F. Wolfe Jr., administrator, is client contact.

D.J. St. Germain Co.

1500 Main St., Springfield, Mass. 01115; (418) 733-5711

Total assets managed	$105,000,000
Tax-exempt assets managed:	
Total	$34,000,000
Fully discretionary	$34,000,000
Minimum separate account	$25,000
Tax-exempt clients	425
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	3

D.J. St. Germain Co., an equity manager, bases its equity approach on fundamental analysis and market timing.

Interest rate anticipation is used in fixed income.

The asset mix Jan. 1 was 82% stocks, 8% bonds and 10% cash.

Research is 60% internally generated; 70 stocks are followed closely and 150, generally.

Paul H. Gale, president, is chief investment officer. Brian P. Trelease, vice president, is client contact.

Stock Yards Bank & Trust

1040 E. Main St., Louisville, Ky. 40206; (502) 582-2571

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$200,000,000
Minimum separate account	$100,000
Tax-exempt clients	360
Types of accounts managed	CEFG
No. of portfolio managers	5

Stock Yards Bank & Trust Co. offers equity, fixed-income and balanced capabilities.

Its equity approach stresses low P/E ratios, high book value and adequate dividend yield. Investments in high-quality defensive common stocks are coupled with aggressive covered call option strategy.

For fixed income, it invests in U.S. government securities and writes call options on their futures.

On Jan. 1, all tax-exempt assets were in separate accounts and invested in stocks.

Research is 10% internally generated; 100 stocks are followed closely; optioned stocks are followed generally.

R. Keith Cullinan, executive vice president and trust officer, is chief investment officer and client contact.

St. Paul Advisers Inc.

P.O. Box 1386, Minneapolis, Minn. 55440; (612) 544-1531

Total assets managed	$387,000,000
Tax-exempt assets managed:	
Total	$31,000,000
Fully discretionary	$31,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	3

St. Paul Advisers Inc., an equity manager, seeks growth stock and practices sector rotation. It looks for strong or improving fundamentals at relatively attractive prices in companies within economic sectors that are expected to experience cyclical and/or secular growth. Market timing decisions are secondary.

The asset mix Jan. 1 was 84% stocks and 16% cash.

The firm follows 75 stocks closely and 150, generally.

Stephen M. Poling, executive vice president, is the chief investment offi-

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State, local, provincial gov'ts.
J: Jointly trusteed
U: Unions (Canadian advisers only)

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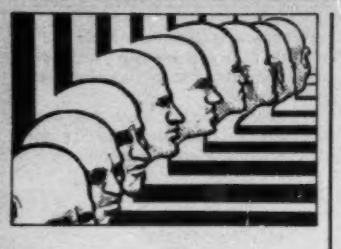

cer and client contact.

The firm is owned by N.V. AMEV, Utrecht, the Netherlands, a diversified financial services company, through its U.S. subsidiary, AMEV Holdings.

Strong/Corneliuson Capital Management Inc.

815 E. Mason St., Milwaukee, Wis. 53202; (414) 765-0620

Total assets managed	$1,187,000,000
Tax-exempt assets managed:	
Total	$885,000,000
Fully discretionary	$885,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	84
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	1

Strong/Corneliuson Capital Managment Inc., an equity and balanced manager, takes a value-oriented, bottom-up approach to equity, evolutionary in nature and depending on macroeconomic considerations and other investment alternatives.

Fixed assets are actively managed based on anticipated changes in interest rates. Portfolios are required to generate a return in excess of the inflation rate as measured by the Consumer Price Index.

The asset mix Jan. 1 was 40% stocks, 40% bonds and 20% cash.

All its research originates in-house. Options and stock-index and fixed-income futures are used, but seldom.

Richard S. Strong, chairman of the board, and William D. Corneliuson, president, are the chief investment officers. Bruce D. Behling, vice president, is the client contact.

The firm sponsors Strong Total Return Fund and Strong Investment Fund, mutual funds.

Stuyvesant Capital Management Corp.

50 Broad St., New York, N.Y. 10004; (212) 422-8773

Total assets managed	$121,000,000
Tax-exempt assets managed:	
Total	$99,000,000
Fully discretionary	$99,000,000
Minimum separate account	$300,000
Tax-exempt clients	33
Types of accounts managed	CEFJ
No. of portfolio managers	4

Stuyvesant Capital Management Corp. handles equity, fixed and balanced accounts.

It combines Graham & Dodd analysis with market timing for equity.

It anticipates interest rates and practices sector analysis for fixed.

The asset mix Jan. 1 was 25% stocks and 75% short-term bonds.

Clients include NYC Transit Police, Air Force Association and Hagerstown Teamsters.

Research is 80% internally generated; 650 stocks are followed.

Donald von Wedel, managing director, is chief investment officer and client contact.

STW Fixed Income Management

301 E. Carrillo St., Santa Barbara, Calif. 93101; (805) 963-5963

Total assets managed	$1,334,000,000
Tax-exempt assets managed:	
Total	$1,163,000,000
Fully discretionary	$1,004,000,000
International assets managed	$70,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	40
Types of accounts managed	CEFGJ
No. of portfolio managers	2

STW Fixed Income Management employs sector analysis in its fundamental, value-oriented, non-market-timing investment approach. It invests in both long- and short-term fixed-income assets. Fixed-income futures are used.

All assets were in bonds Jan. 1.

The net gain in new tax-exempt business for 1984 was $397 million; 15 tax-exempt clients were added.

Clients include Amstar, Chevron, Borg-Warner and Bush Foundation.

Minimum account size for separate account is $10 million with cash flow; $20 million without.

William H. Williams III, principal, is chief investment officer.

Arnold P. Boecklin, principal, is client contact.

Sullivan Morrissey & Mickle Capital Management Corp.

450 Park Ave., New York, N.Y. 10022; (212) 832-7440

Total assets managed	$75,000,000
Tax-exempt assets managed:	
Total	$52,000,000
Fully discretionary	$52,000,000
Minimum separate account	$500,000
Tax-exempt clients	18
Types of accounts managed	CFJ
No. of portfolio managers	3

Sullivan Morrissey & Mickle's value-oriented approach to equity seeks the greatest amount of dollars reinvested back into business at the lowest cost to investor, distinguishing between company and investor return.

In balanced accounts, it uses 10-year bonds and short-term paper.

The asset mix Jan. 1 was 90% stocks and 10% cash.

Research is 90% internally generated; 150 stocks are followed closely and 500, generally.

John F. Sullivan, chairman, is chief investment officer and client contact.

Summit Management Co. Inc.

515 S. Figueroa St., Suite 1050, Los Angeles, Calif. 90071; (213) 627-3319

Total assets managed	$288,000,000
Tax-exempt assets managed:	
Total	$149,000,000
Fully discretionary	$101,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	23
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	1

Summit Management Co. Inc., a balanced manager, believes the equity market, in any given time period, has dominant themes such as inflation hedge or disinflation. It concentrates capital in sectors responding to these themes and undergoing substantial price re-evaluation.

For fixed income, emphasis is placed on preservation of principal. High returns are achieved through maturity selection, credit analysis and utilization of undervalued or overlooked opportunities.

The asset mix Jan. 1 was 13% stocks, 76% bonds and 11% cash.

Clients include MagneTek, Pacific Homes and Occidental College.

Research is 60% internally generated; 100 stocks are followed closely and 400, generally.

Robert M. Raney, vice president, is the chief investment officer.

Franklin E. Ulf, president, is the client contact.

Sun Banks Inc.

P.O. Box 3808, 255 S. Orange Ave., Orlando, Fla. 32802; (305) 237-5056

Total assets managed	$3,500,000,000
Tax-exempt assets managed:	
Total	$592,000,000
Fully discretionary	$310,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	475
Separate	50
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	2

Sun Banks Inc. offers equity, fixed, balanced and real estate capabilities.

Its value-driven equity approach focuses on issues whose relative P/E ratio is low compared to their prospects.

It is an active fixed-income manager and will change both average maturity and sector weightings.

Southeastern, particularly Florida, properties comprise its real estate portfolio, and its purchases are focused on attractively located shopping centers, office parks and other commercial properties.

Of the tax-exempt assets managed Jan. 1, $93 million was in commingled accounts and $217 million in separate accounts. The asset mix was 60% stocks, 20% bonds, 10% cash and 10% equity real estate.

Research is 15% internally generated; 100 stocks are followed closely and 175, generally.

James L. Kermes, executive vice president, is the chief investment officer. John K. Webster, executive vice president, is the client contact.

Sun Life Assurance Co. of Canada

200 University Ave., Toronto, Ontario M5H 3C7; (416) 595-7500

Total assets managed	$13,000,000,000
Tax-exempt assets managed:	
Total	$2,530,000,000
Fully discretionary	$2,530,000,000
U.S. assets managed	$855,000,000
International assets managed	$91,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	108
Types of accounts managed	CEGU
No. of portfolio managers	10
Size of research staff	25

Sun Life Assurance Co. has equity, fixed-income, real estate, mortgage and private placement bond capabilities available on a specialty fund basis, as well as balanced fund management.

Based on Graham & Dodd analysis, the firm's approach to equity investment is active management, combining capital appreciation with dividend income to maximize the return during each market cycle.

For fixed-income management, it emphasizes interest rate anticipation, sector swapping and immunization.

It concentrates on the acquisition of good quality industrial, commercial and office properties, diversified geographically, providing reasonable current income and possessing favorable growth potential.

The asset mix Jan. 1 was 31% Canadian stocks, 31% bonds, 4% cash, 12% equity real estate, 15% mortgages, 6% U.S. stocks and 1% venture capital.

Research is 85% internally generated; 200 stocks are followed closely and 50, generally.

It has 25 clients that are pension funds of subsidiaries of U.S. firms.

Clients include AMCA International, Canadian Utilities, Texaco Canada and Trans-Alta Utilties.

James M. Greaney, vice president-investments, is chief investment officer; R. Murray McBride, assistant vice president-pensions, is client contact.

SUNIMCO and Massachusetts Financial Services are wholly owned subsidiaries of Sun Life.

Sutro Capital Management

201 California St., San Francisco, Calif. 94111; (415) 445-8530

Total assets managed	$40,000,000
Tax-exempt assets managed:	
Total	$17,000,000
Fully discretionary	$17,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	10
Types of accounts managed	C
No. of portfolio managers	2

Sutro Capital Management, an equity and balanced manager, uses sector rotation and seeks low P/E ratios in its high-yield equity approach. Its investment philosophy is basically conservative, stressing total return and the preservation of capital as primary objectives. Its stock selection is value-oriented, measuring value in relation to growth expectations, assets and quality.

Its fixed-income positions take advantage of expected long-term trends and any temporary distortions that may exist. It anticipates interest rates.

The asset mix Jan. 1 was 52% stocks, 30% bonds and 18% cash.

Clients include Farmers Bros. and Harvey's Wagon Wheel.

Research is 20% internally generated; 25 stocks are followed closely and 60, generally.

Lewis Katcher, director, is chief investment officer and client contact.

P&I Age's annual directory of cash managers will appear July 22.

Swiss American Asset Management International

280 Park Ave., 27th Floor, East Building, New York, N.Y. 10017; (212) 557-0510

Total assets managed	$18,000,000
Tax-exempt assets managed:	
Total	$0
Minimum separate account	$5,000,000
No. of portfolio managers	2
Size of research staff	5

Swiss American Asset Management International, which opened its doors last June, has equity, international and global equity capabilities.

It emphasizes growth stock in U.S. and international markets. Other criteria used in its approach are above-average return on equity, strong product identity, market dominance and new-product history. The firm prefers to handle accounts with a global approach rather than international only.

Its fixed-income approach uses interest rate anticipation. From time to time it uses U.S. and international currency bonds.

The firm generates 25% of its research internally; 50 stocks are followed closely and 150, generally.

Gordon L. Bowyer, president, is the chief investment officer and the client contact.

The firm is 100% owned by Swiss American Corp., a wholly owned subsidiary of Credit Suisse Zurich.

Systematic Financial Management Inc.

1 Bridge Plaza, Suite 400, Fort Lee, N.J. 07024; (201) 585-9290

Total assets managed	$35,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	20
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	3

Systematic Financial Management's equity philosophy is to identify companies generating high distributable cash flows per investment dollar whose current P/E multiple has a high probability for expansion.

The equity manager's asset mix Jan. 1 was 90% stocks and 10% cash.

The net gain for new tax-exempt business in 1984 was $16 million; five clients were added.

All its research originates in-house; 75 stocks are followed closely and 300, generally.

Kenneth S. Hackel, president, is the chief investment officer. Patricia Doobinin, assistant portfolio manager, is the client contact.

Systematic Investors Inc.

184 High St., Boston, Mass. 02110; (617) 423-9691

Total assets managed	$19,000,000
Tax-exempt assets managed:	
Total	$19,000,000
Fully discretionary	$19,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	2

Systematic Investors, a balanced manager takes an active/passive equity approach with a high volatility bias. Quantitative analysis is used.

In fixed income, it invests in high-yield bonds.

The asset mix Jan. 1 was 73% stocks, 25% bonds and 2% cash.

Its clients are Frozen Food Express, Beverage Management and Farmland Industries.

Loren M. Wood, president, is chief investment officer and client contact.

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Taliasi Management Co.

1 Battery Park Plaza, New York, N.Y. 10004; (212) 248-3090

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$393,000,000
Fully discretionary	$393,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	32
Types of accounts managed	CEF
No. of portfolio managers	3

Taliasi Management Co. takes a value approach to the market. The equity manager generally uses large-cap stocks with lower-than-market P/E ratios, higher-than-market yields and good price/book ratios. Sector rotation is used.

Interest rate anticipation is used in fixed income.

The asset mix Jan. 1 was 77% stocks, 5% bonds and 18% cash.

The firm has a net gain of $15 million in new tax-exempt business last year; it added three clients.

Clients include J.C. Penney, Williams Companies, Frank Russell Equity I and Household International.

Research is 33% internally generated; 75 stocks are followed closely and 200, generally.

Rodney Mitchell, president, is the chief investment officer and client contact.

P&I Age will report on small and medium-sized pension funds the June 10 issue.

25 largest banks and trust companies* ranked by tax-exempt assets

Rank	Managers	($ millions)
1.	Bankers Trust	$31,191
2.	J.P. Morgan	30,906
3.	Citicorp Investment Management	21,500
4.	Manufacturers Hanover Investment Corp.	18,640
5.	Wells Fargo Investment Advisors	14,097
6.	Mellon Bank	13,832
7.	Chase Investors Management	13,000
8.	Capital Guardian Trust	11,267
9.	State Street Bank	9,450
10.	Northern Trust	9,182
11.	Harris Trust	8,885
12.	National Bank of Detroit	8,370
13.	Favia, Hill Associates (Chemical Bank)	8,115
14.	Fiduciary Trust, New York	6,500
15.	Trust Co. of the West	6,400
16.	American National Bank, Chicago	6,300
17.	First Chicago Investment Advisers	5,997
18.	Crocker National Bank	5,395
19.	AmeriTrust	5,200
20.	RepublicBank, Dallas	4,744
21.	BA Investment Management	4,708
22.	Boatmen's National Bank	4,100
23.	Security Pacific Investment Managers	4,040
24.	Central National Bank	3,435
25.	Pittsburgh National Bank	3,286
	TOTAL	$258,590

*Including subsidiaries

Profiles

Tamarack Investment Counsel Inc.

P.O. Box 1924, Stockton, Calif. 95201; (209) 951-1120

Total assets managed	$25,000,000
Tax-exempt assets managed:	
Total	$9,000,000
Fully discretionary	$9,000,000
Real estate assets managed	$3,150,000
Minimum separate account	$250,000
Tax-exempt clients	13
Types of accounts managed	CJ
No. of portfolio managers	2
Size of research staff	1

Tamarack Investment Counsel Inc. looks for growth opportunities where it can purchase stock and real estate at or below book value. It looks specifically in the Monterey Peninsula for real estate.

The balanced manager uses interest rate anticipation for fixed-income investments.

The asset mix Jan. 1 was 38% stocks, 2% bonds, 25% cash and 35% equity real estate.

Clients include Kaiser and Perry Farming. The firm uses options.

Paul F. Soares is the chief investment officer. David M. Soares is the client contact.

Target Investors Inc.

111 Prospect St., Suite 325, Stamford, Conn. 06901; (203) 359-0600

Total assets managed	$30,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	8
Types of accounts managed	C
No. of portfolio managers	1
Size of research staff	1

Target Investors' equity approach stresses rapidly growing companies selling at low P/Es with strong balance sheets and positive earnings surprise potential.

The equity manager's asset mix Jan. 1 was 97% stocks and 3% cash.

The net gain in new tax-exempt business for 1984 was $12 million. Four tax-exempt clients were added.

Clients include Allied and Eaton.

Ninety percent of research is generated internally; 30 stocks are followed closely and 5,000, generally.

Robert Zuccaro, president, is chief investment officer and client contact.

TCW Realty Advisors

400 S. Hope St., Los Angeles, Calif. 90071; (213) 683-4200

Total assets managed	$442,000,000
Tax-exempt assets managed:	
Total	$442,000,000
Fully discretionary	$442,000,000
Real estate assets managed	$442,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	42
Types of accounts managed	CG

TCW Realty Advisors is a research-driven national real estate investment manager sponsoring a series of closed-end funds using equity purchases and convertible mortgages. Fees are based on cash distributions, not appraisals.

All assets were in equity real estate Jan. 1.

The net gain in new tax-exempt business for 1984 was $220 million; 26 tax-exempt clients were added.

Rockwell International, World Bank, J.C. Penney and Xerox are among its clients.

Vincent F. Martin Jr., managing partner, is the chief investment officer. Bruce L. Ludwig, senior partner, is the client contact.

The firm, owned by principals and professional staff, is a joint venture with Trust Company of the West, whose assets total $6 billion.

Technological Investors Management Corp.

630 Third Ave., New York, N.Y. 10016; (212) 490-2600

Total assets managed	$65,000,000
Tax-exempt assets managed:	
Total	$23,000,000
Fully discretionary	$23,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	9
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

Technological Investors Management Corp. is a technology-oriented equity manager combining growth and emerging growth stock techniques.

Its fixed-income approach is passive.

The asset mix Jan. 1 was 47% stocks, 14% bonds and 39% cash.

Among its tax-exempt clients are Estee Lauder, Ohio Wesleyan, ILGWU and Planned Parenthood of NYC.

Seventy percent of research is generated internally; 32 stocks are followed closely and 80, generally.

Raymond Frankel, president, is the chief investment officer and client contact.

Tel Advisors Inc.

29 Broadway, New York, N.Y. 10006; (212) 248-2178

Total assets managed	$2,000,000
Tax-exempt assets managed:	
Total	$1,000,000
Fully discretionary	$500,000
Minimum separate account	$250,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	1

Tel Advisors Inc. focuses on companies with improving earnings momentum and quality. Its exposure to equity markets is determined by technical analysis. Growth stock and market timing approaches are used.

The equity manager's asset mix Jan. 1 was 65% stocks and 35% cash.

The firm follows 30 stocks closely and 10, generally. It uses options.

Theodore E. Laud, president and chief investment officer, is the client contact.

Templeton Group

P.O. Box N-7776, Nassau, Bahamas; (809) 327-4331

Total assets managed	$4,426,000,000
Tax-exempt assets managed:	
Total	$1,541,000,000
Fully discretionary	$1,541,000,000
International assets managed	$577,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	42
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Using fundamental security analysis and a series of screening procedures, The Templeton Group identifies securities on a global basis that are selling for less than its research indicates to be their true worth.

The tax-exempt asset mix Jan. 1 was 90% stocks, 5% bonds and 5% cash.

The firm netted $319 million in new tax-exempt business for 1984; nine tax-exempt clients were added.

Half its research originates in-house; 500 stocks are followed closely and 3,000, generally.

John Marks Templeton is the chief investment officer. The client contact for private counsel is Michael G. Landry; for mutual funds, Ann Margaret Ulrich.

Tenneco Asset Management

P.O. Box 2511, 2 Shell Plaza, Suite 2000, Houston, Texas 77001; (713) 757-5462

Total assets managed	$2,600,000,000
Tax-exempt assets managed:	
Total	$775,000,000
Fully discretionary	$775,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	3
Types of accounts managed	C
No. of portfolio managers	5
Size of research staff	2

Tenneco Asset Management Co. handles equity, fixed-income and balanced accounts.

Its equity approach is passive, combining growth and emerging stock.

Its fixed-income approach also is passive, and includes interest rate anticipation and sector analysis.

The tax-exempt asset mix Jan. 1 was 15% stocks and 85% bonds.

The firm netted $200 million in new tax-exempt business for 1984 — $120 million in GICs, $50 million in equities and $30 million in fixed income.

Southwestern Life Insurance Co., Philadelphia Life Insurance Co. and Tenneco Inc. are its clients.

One-tenth of research is generated internally; 75 stocks are followed closely and 150, generally. The firm uses options and stock index futures.

Ed L. Jaroski, senior vice president and treasurer, is the chief investment officer. Mr. Jaroski and Alan M. Stewart, vice president, are the client contacts.

Texas Commerce Bank

600 Travis, P.O. Box 2558, Houston, Texas 77252-8032; (713) 236-5788

Total assets managed	$5,500,000,000
Tax-exempt assets managed:	
Total	$4,000,000,000
Fully discretionary	$1,412,000,000
Tax-exempt clients:	
Commingled	524
Separate	149
Types of accounts managed	CEFGJ
No. of portfolio managers	13
Size of research staff	6

Texas Commerce Bank offers equity, fixed-income, balanced, real estate and oil and gas capabilities.

Its equity approach is value oriented with a growth bias based on fundamental quantitative and qualitative analysis.

Bond portfolios are actively managed using all available tools as markets dictate, consistent with client objectives.

Its real estate approach is income-oriented with equity opportunities.

Of the tax-exempt assets Jan. 1, $854 million was in commingled and $563 million in separate accounts. The asset mix was 50% stocks, 45% bonds and 5% cash.

Clients include Southwestern Bell, Houston Municipal, Houston Firemen and Southern California Rapid Transit. Research is 25% internally generated; 175 stocks are followed closely and 300, generally.

Geoffrey P. Raymond is executive vice president and chief investment officer. Russell K. Schulze II, senior vice president and trust officer, is the client contact.

Third National Bank

201 Fourth Ave. N., Nashville, Tenn. 37244; (615) 748-4391

Total assets managed	$1,260,000,000
Tax-exempt assets managed:	
Total	$520,000,000
Fully discretionary	$520,000,000
Real estate assets managed	$21,500,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	83
Separate	358
Types of accounts managed	CEFGJ
No. of portfolio managers	8

Third National Bank offers equity, fixed, balanced, real estate and international capabilities. It also manages a GIC fund.

Its equity strategy involves sector rotation and consists of two main disciplines. Selection follows strict buy/sell disciplines driven by both quantitative and qualitative screens, from an approved list of 150 closely watched stocks.

Fixed-income managers study the economy and business/interest rate cycles from a macroeconomic perspective in increments of 90 days, and shift maturities accordingly. Portfolios are constructed of high-quality corporates and governments. It buys bonds and sells cash equivalents when the total return expected from bonds in three months exceeds that from cash for six months; otherwise, bonds are converted to cash.

It invests in Southeastern properties of $1 million to $5 million in value in second- and third-tier cities either through ownership or hybrid debt. It seeks opportunities in market niches where tax-exempt investors are not yet significant players.

Of the tax-exempt assets Jan. 1, $72 million was in commingled and $448 million in separate accounts. The asset mix was 24.4% stocks, 55.2% bonds, 16.4% cash and 3.5% equity real estate and 0.5% mortgages.

The bank follows 179 stocks closely and 200, generally. Options are used.

Charles E. Winger, senior vice president, is the chief investment officer. Larry Gibson is the client contact.

American National Bank and Hamilton National Bank are subsidiaries.

Thompson/Rubinstein Investment Management

715 S.W. Morrison, Suite 604, Portland, Ore. 97205; (503) 224-1488

Total assets managed	$136,000,000
Tax-exempt assets managed:	
Total	$62,000,000
Fully discretionary	$62,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	44
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	1

Thompson/Rubinstein Investment Management Inc., an equity and fixed-income manager, is a bottom-up equity manager that invests primarily in the inefficient sector of the market. This approach identifies temporarily out-of-favor companies with above-average potential for earnings and dividend growth.

Its fixed-income strategy uses interest rate anticipation and portfolios that favor government securities, unless corporates can be bought with a rewarding spread.

The asset mix Jan. 1 was 70% stocks, 26% bonds and 4% cash.

The firm netted $33 million in new tax-exempt business for 1984, $25 million in equities and $8 million in fixed; six tax-exempt clients were added.

Portland State University, Instromedix, JB's Restaurants and City Center Management are among its tax-exempt clients.

Seventy percent of research is generated internally; 40 stocks are followed closely and 100, generally.

Tim F. Ellis, vice president, is the client contact.

Thomson McKinnon Asset Management Inc.

1 State Street Plaza, New York, N.Y. 10004; (212) 482-7070

Total assets managed	$2,500,000,000
Tax-exempt assets managed:	
Total	$400,000,000
Fully discretionary	$400,000,000
Minimum separate account	$200,000
Tax-exempt clients	6
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	5

Thomson McKinnon Asset Management Inc., an equity and fixed-income manager, takes a top-down, bottom-up, momentum surprise approach to equity.

Its fixed-income approach is passive.

The asset mix Jan. 1 was 50% stocks and 50% bonds.

The firm, formed in 1983, acquired all its tax-exempt assets and clients last year.

One-fourth of research is generated internally; 200 stocks are followed closely and 350, generally. Options, stock index futures and fixed-income futures are used.

Irwin F. Smith is the chief investment officer. Albert A. Pisterzi is the client contact.

It is an affiliate of Thomson McKinnon Inc.

Thorson Brown & Plunkett

43 Arch St., Greenwich, Conn. 06830; (203) 661-0666

Total assets managed	$302,000,000
Tax-exempt assets managed:	
Total	$91,000,000
Fully discretionary	$91,000,000
Minimum separate account	$5,000,000
Types of accounts managed	CEF
No. of portfolio managers	5
Size of research staff	5

Thorson Brown & Plunkett's equity approach places emphasis on companies that are growing 50% faster

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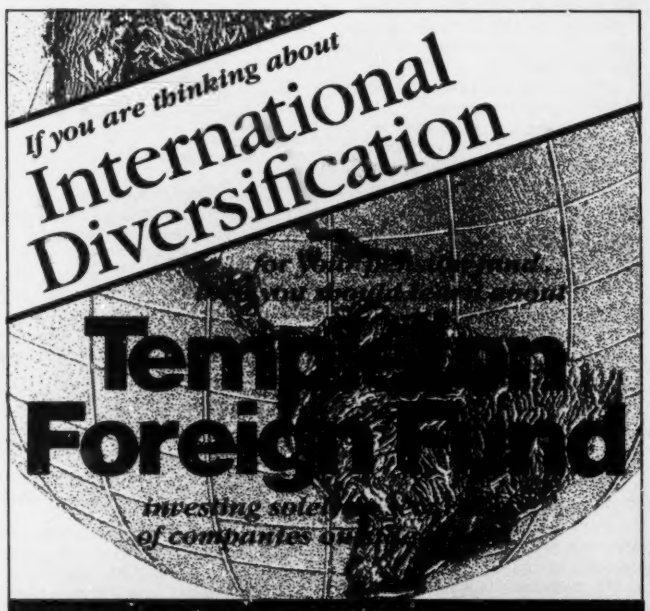
V.I.P. Resources, Inc.
278 Crafton Avenue
Staten Island, NY 10314
(718) 494-6725 Joseph Gross



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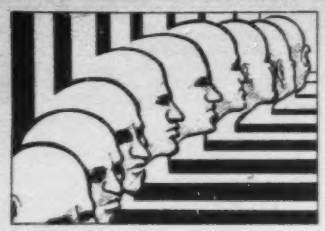

than the S&P 500 with market capitalizations between $70 million and $500 million and that are underowned by major institutional investors.

Its fixed-income approach combines interest rate anticipation with sector analysis.

The asset mix Jan. 1 was 80% stocks, 17% bonds and 3% cash.

Half of its research originates in-house; 100 stocks are followed closely and 250, generally.

John H. Plunkett, managing director, is the client contact.

Timmins & Associates Ltd.

130 Adelaide St. W., Suite 2900, P.O. Box 1160, Stn. A, Toronto, Ontario M5W 1G5; (416) 364-5620

Total assets managed	$725,000,000
Tax-exempt assets managed:	
Total	$530,000,000
Fully discretionary	$530,000,000
Real estate assets managed	$18,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	46
Types of accounts managed	CEFGU
No. of portfolio managers	8
Size of research staff	2

Timmons & Associates, a Canadian firm, has equity, fixed-income and balanced capabilities.

In equities, it derives a scenario-driven, relative price earnings model with sector rotation based on economic forecasts and private management interviews.

The firm emphasizes sector management within the bond market more than term-to-maturity management. Quantitative forecasting and evaluation techniques are used extensively.

The asset mix Jan. 1 was 41% Canadian stocks, 39% bonds, 7% cash, 3% mortgages and 10% U.S. stocks.

Half its research is generated internally; 150 stocks are followed closely and 100, generally.

Nine clients are pension funds of subsidiaries of U.S. firms.

The partners are the chief investment officers. Jean-Guy Desjardins, president (Montreal), and Charles J. Wakefield, vice president (Toronto), are the client contacts.

Todd Investment Advisors

3160 1st National Tower, Louisville, Ky. 40202; (502) 585-3121

Total assets managed	$1,550,000,000
Tax-exempt assets managed:	
Total	$1,538,000,000
Fully discretionary	$350,000,000
Real estate assets managed	$80,000,000
Minimum separate account	$1,000,000
Number of tax-exempt clients	30
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Todd Investment Advisors makes major shifts among sectors within a universe of large-cap, low beta stocks. It has a strong leaning toward capital preservation.

The balanced manager makes significant shifts in fixed-income maturities based on proprietary rate analysis models.

The asset mix Jan. 1 was 20% stocks, 64.8% bonds, 10% cash and 5.2% mortgage-backed securities.

The firm netted $110 million in new tax-exempt business for 1984, $30 million in equities and $80 million in fixed income; four clients were added.

Kentucky Teachers, Memphis, Ohio Casualty Insurance and Fort Howard Paper are among its clients.

Research is 70% internally generated; 65 stocks are followed closely and 400, generally.

Bosworth M. Todd, president, is the chief investment officer. C. Prewitt Lane, executive vice president, is the client contact.

International investment management will be reviewed in the June 24 issue of *P&I Age*.

The Toledo Trust Co.

3 SeaGate, Toledo, Ohio 43603; (419) 259-8145

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$635,000,000
Fully discretionary	$610,000,000
International assets managed	$1,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	200
Separate	175
Types of accounts managed	CEFGJ
No. of portfolio managers	7

The Toledo Trust Co. offers equity, fixed and balanced capabilities.

It uses a top-down, fundamental approach to equity. Sectors are chosen based on a 12- to 18-month economic forecast.

It uses interest rate anticipation and sector analysis, with particular emphasis on intermediate-term maturities and high current income generation.

International funds use Julius Baer as investment agent.

Of the tax-exempt assets Jan. 1, $102 million was in commingled and $508 million in separate accounts. The asset mix that date was 36% stocks, 46% bonds and 18% cash.

Owens-Illinois, Champion Spark Plug, Toledo Edison and Toledo Society for the Handicapped are among its tax-exempt clients.

Research is 80% internally generated; 40 stocks are followed closely and 170, generally.

Robert J. Morgan, senior vice president and chief economist-equity management, and Theodore T. Hahn, senior vice president-fixed-income management, are chief investment officers. David E. Judy, trust development officer, is client contact.

SeaGate Capital Management is a subsidiary.

Toronto Investment Management Inc.

P.O. Box 75, Royal Bank Plaza, Toronto, Ontario M5J 2J2; (416) 865-0731

Total assets managed	$2,400,000,000
Tax-exempt assets managed:	
Total	$2,260,000,000
Fully discretionary	$2,260,000,000
U.S. assets managed	$700,000,000
Real estate assets managed	$20,000,000
International assets managed	$15,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	50
Types of accounts managed	CEFU
No. of portfolio managers	9
Size of research staff	2

Toronto Investment Management Inc., a Canadian manager, has equity, fixed-income and balanced capabilities.

It employs emerging growth, Graham & Dodd analysis and market timing in its equity approach. It uses fundamental analysis with final selection determined by its predicted accuracy record of source.

Using interest rate anticipation and sector analysis, its bond portfolios have two parts — a trading portion positioned to take advantage of market changes, and the remainder invested to satisfy long-run portfolio goals.

The asset mix Jan. 1 was 30% Canadian stocks, 50% bonds, 7% cash, 1% venture capital, 2% real estate, 8% U.S. stocks and 2% non-North American stocks.

Half its research is generated internally; 125 stocks are followed closely.

Twenty-four clients are pension funds of subsidiaries of U.S. firms.

Gary V. Kondrat, vice president, is the chief investment officer; William J. Smith, president, is the client contact.

The firm is affiliated with Montreal Investment Management, VanBrit Investment Management, European & Pacific Investment Management, Penreal Advisors and VenGrowth Capital.

Torray Clark & Co.

Suite 450, 6610 Rockledge Drive, Bethesda, Md. 20817; (301) 493-4600

Total assets managed	$2,500,000,000
Tax-exempt assets managed:	
Total	$2,500,000,000
Fully discretionary	$2,500,000,000
Tax-exempt clients	35
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Torray Clark & Co., an equity and balanced manager, uses a value-oriented equity approach; it manages some fixed-income for balanced accounts.

All its research originates in-house.

Robert Torray, president, and David C. Clark, executive vice president, are the client contacts.

Touche Remnant Pension Fund Management Ltd.

Mermaid House, 2, Puddle Dock, London EC4 V3AT, England (01) 236-6565

Total assets managed	$3,000,000,000
Tax-exempt assets managed:	
Total	$1,000,000,000
Fully discretionary	$1,000,000,000
Real estate assets managed	$85,000,000
Tax-exempt clients	28
Types of accounts managed	C
No. of portfolio managers	30

Touche Remnant Pension Fund Management Ltd. is an international/global equity manager. All of its tax-exempt clients are in the United Kingdom.

It believes good companies make good investments. Good companies are those with growth potential supported by capable management, high profitability, high investment and strong balance sheets, regardless of size.

Bonds are included in its asset mix when anticipated total returns are competitive with equities or cash, or when client guidelines require fixed-income investments.

For real estate investments, emphasis is placed on the generation of value rather than relying on inflation-based capital/rental growth.

The asset mix Jan. 1 was 65% stocks, 22% bonds, 4% cash and 9% equity real estate.

The firm had a net loss of $8 million in tax-exempt business last year. It gained four clients.

Half its research originates in-house; 500 stocks are followed closely and 1,000, generally. Options are used.

Tony Watson, managing director, is the chief investment officer. David H. Carter, director, is the client contact.

Tower Capital Management

30 Tower Lane, Avon, Conn. 06001; (203) 674-8800

Total assets managed	$230,000,000
Tax-exempt assets managed:	
Total	$220,000,000
Fully discretionary	$220,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	14
Types of accounts managed	CFG
No. of portfolio managers	2
Size of research staff	3

Tower Capital Management Inc. is a conservative growth investor covering the investment spectrum from venture capital to small and medium-sized companies of rapid growth. The equity manager's portfolios emphasize emerging growth companies.

The asset mix Jan. 1 was 90% stocks and 10% cash.

Eighty percent of research is generated internally; 50 stocks are followed closely and 90, generally.

Roy C. McKay and Robert C. Knight, managing directors, are the chief investment officers and client contacts.

Towneley Capital Management Inc.

144 E. 30th St., New York, N.Y. 10016; (212) 696-4130

Total assets managed	$355,000,000
Tax-exempt assets managed:	
Total	$270,000,000
Fully discretionary	$270,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	17
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	3

Towneley Capital Management Inc. is an equity and balanced manager.

The asset mix Jan. 1 was 60% stocks, 34% bonds and 6% cash.

In 1984, the firm netted $57 million in new tax-exempt business, all in balanced accounts; two tax-exempt clients were added.

Research is 95% internally generated; 300 stocks are followed closely and 1,700, generally.

Wesley G. McCain, chairman, is the chief investment officer and client contact.

Townsend Asset Management Co. Inc.

P.O. Box 1110, 45 Essex St., Hackensack, N.J. 07602; (201) 646-1511

Total assets managed	$5,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Minimum separate account	$100,000
Tax-exempt clients	3
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	1

Townsend Asset Management Co. Inc. buys equities of small companies that have below average financial leverage relative to peer industry companies when available at prices less than their intrinsic, private worth based on common-sense principles.

Among these principles is the relationship of the public market share price to: tangible book value; tangible book value adjusted for any significant off-balance sheet assets (or liabilities) such as LIFO reserves and understated real estate; net current assets per share; sales per share; free (excess) cash flow per share from normal operations.

Its fixed-income approach is passive and interest rate bets are tightly controlled.

The asset mix Jan. 1 was 75% stocks, 13% bonds and 12% cash.

Among its clients are Arwood, Rogosin Foundation, NCB Investment and Kronenberg Trusts.

Ninety percent of research is generated internally; 100 stocks are followed closely and 400, generally.

James W. Townsend is chief investment officer and client contact.

Trainer Wortham & Co. Inc.

560 Lexington Ave., New York, N.Y. 10022; (212) 759-7755

Total assets managed	$675,000,000
Tax-exempt assets managed:	
Total	$225,000,000
Fully discretionary	$195,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	39
Types of accounts managed	CEFGJ
No. of portfolio managers	7

Trainer Wortham & Co. Inc., primarily an equity manager, seeks growth stocks for its investments; interest rate anticipation is used for fixed income.

The assot mix Jan. 1 was 50% stocks, 45% bonds and 5% cash.

Trainer, Wortham & Co. had a net gain of $13 million in tax-exempt business last year; it added three clients.

Research is 70% internally generated; 75 stocks are followed closely and 150, generally.

Charles V. Moore, president, is chief investment officer and client contact.

Transamerica Investment Services

1150 S. Olive St., Los Angeles, Calif. 90015; (213) 742-3553

Total assets managed	$5,700,000,000
Tax-exempt assets managed:	
Total	$2,644,000,000
Fully discretionary	$2,644,000,000
Real estate assets managed	$1,156,000,000
Types of accounts managed	C
No. of portfolio managers	20

As of Jan. 1, the mix of tax-exempt assets under management at Transamerica Investment Services was 7% stocks, 63% bonds, 8% cash and 22% mortgages.

The firm follows 100 stocks closely; it uses options and fixed-income futures.

Gary U. Rolle is executive vice president and chief investment officer. Jim Wilson is the client contact.

The firm is a subsidiary of Transamerica Corp.

P&I Age will report on small and medium-sized pension funds in the June 10 issue.

Trascott, Alyson, Craig Inc.

P.O. Box 278, 222 Cedar Lane, Teaneck, N.J. 07666; (201) 836-9000

Total assets managed	$14,000,000
Tax-exempt assets managed:	
Total	$6,000,000
Fully discretionary	$3,000,000
Minimum separate account	$100,000
Tax-exempt clients	12
Types of accounts managed	C
No. of portfolio managers	2

Trascott, Alyson, Craig Inc. centers equity strategy on value and growth potential in stocks that frequently are out of favor or not widely held by institutions.

The balanced manager's fixed-income strategies focus on structuring portfolios to incorporate plan funding requirements with yield, safety of principal and liquidity. Turnover is minimized and interest rate forecasting is employed.

The asset mix Jan. 1 was 27% stocks, 55% bonds and 18% cash.

Three-fourths of research is generated internally; 25 stocks are followed closely and 50, generally.

Tracy D. Shagin, vice president, is the chief investment officer and client contact.

The Travelers Cos.

1 Tower Square, Hartford, Conn. 06183; (203) 277-7777

Total assets managed	$38,396,000,000
Tax-exempt assets managed:	
Total	$18,291,000,000
Fully discretionary	$18,291,000,000
Real estate assets managed	$582,000,000
International assets managed	$100,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Pooled	1,200
Individual separate	28
GICs	1,000
Other	5,000
Types of accounts managed	CEFGJ

The Travelers Cos., through its subsidiaries, provide equity, fixed-income, balanced, real estate, international, options and futures capabilities. It also has a timberland fund.

The subsidiaries are: Travelers Hill Samuel International Ltd.; Travelers Investment Management Co.; Travelers Asset Management International Corp.; Travelers Keystone Fixed Income Advisers.

For equity investment, Travelers takes a bottom-up approach to equities. Stocks are quantitatively appraised using a dividend discount model to determine relative attractiveness.

This is interfaced with a qualitative view of market sentiment.

Its fixed-income approach emphasizes interest rate anticipation with a secondary focus on return enhancement through quality and sector swaps and credit analysis.

For real estate, Travelers maintains the objectives of its portfolios through expert knowledge of local market conditions, sales and acquisition opportunities received from its 175 regionally based professionals across the United States. Of the real estate assets under management, $508.8 million was in equity and the remainder in mortgages. In addition, there is $10.9 billion in general account real estate assets.

Of the tax-exempt assets under management Jan. 1, $1.2 billion was in pooled separate accounts and $2.2 billion was in individual separate accounts.

The asset mix of those assets was 30.4% stocks, 6.9% bonds, 15% cash, 16.7% equity real estate, 4.2% mortgages and 26.8% for options and futures.

The net gain in tax-exempt business for 1984 was $2.3 billion; 118 tax-exempt clients were added.

The firm generates about 60% of its research internally; 250 stocks are followed closely and 500, generally.

Clients include Phillips Petroleum, Sperry, GE and Chevron.

Richard J. Shima, executive vice president, is the chief investment officer. Thomas E. Keating, senior vice president, is the client contact.

Of the assets under management Jan. 1, TRAVELERS INVESTMENT MANAGEMENT had responsibility for $2.4 billion, of which $1.7 billion was

for 25 tax-exempt clients.

The firm has equity, balanced, options and futures capabilities.

For equity investing, it uses a bottum-up approach to identify and analyze each security for its relative attraction from both a quantitative and qualitative standpoint.

The asset mix was 36% stocks, 8% bonds, 15% cash and 41% options and futures.

Of the $2.3 billion in business gained by the parent, TIMCO snared $367.5 million.

Kevin J. Bradley, chairman, is chief investment officer. Thomas E. Keating, executive vice president, is the client contact.

TRAVELERS KEYSTONE FIXED INCOME ADVISORS had responsibility for $77.4 million, all tax-exempt.

The primary focus of the firm's fixed-income strategy is interest rate anticipation, with secondary focus on return enhancement through quality and sector swaps and credit analysis.

The asset mix Jan. 1 was 95% bonds and 5% cash.

Thomas S. Drumm, senior vice president, is the chief investment officer and Kent A. Kelley, senior vice president, is the client contact.

TRAVELERS HILL SAMUEL INTERNATIONAL had $195 million under management, of which $100 million was for 37 tax-exempt clients. The firm is an international adviser.

Its equity approach is based on quantitative analysis, emphasizing the appraisal of long-term value and shorter-term risk and reward possibilities, both in U.S. dollar terms. Quantified techniques such as discounted income flow analysis and purchasing power parity analysis are used.

The firm gained $30 million in new business in 1984.

Travelers Hill is jointly and equally owned by the Travelers Corp. and Hill Samuel Investment Management Ltd.

Clients include Emhart, Stanford University, Equifax and Western Farm Bureau.

Stephen C. Butt, president and chief executive officer, is the chief investment officer; J.C. Parish Jr. executive vice president, is the client contact.

TRAVELERS ASSET MANAGEMENT INTERNATIONAL, located at 122 E. 42nd St., Suite 3506, New York, N.Y. 10017, oversaw $1.1 billion, all for taxable clients.

The firm provides fixed-income and international capabilities. Its fixed-income approach emphasizes interest rate anticipation with an orientation toward maximizing return with limited principle risk.

Werner R. Genieser, senior vice president, is the chief investment officer and client contact at (212) 867-6233.

Trees Trust & Investment Counsel

25 E. Washington, Suite 1500, Chicago, Ill. 60602; (312) 984-0400

Total assets managed	$66,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	2

Trees Trust & Investment Counsel, a balanced manager, emphasizes equities expected to have above-average total return during a three- to five-year period. Graham & Dodd analysis is used.

Bonds expected to have above-average total return are emphasized. Interest rate anticipation is used.

The asset mix Jan. 1 was 39% stocks, 40% bonds and 21% cash.

One-fifth of research is generated internally; 150 stocks are followed closely and 250, generally.

M. Jay Trees, president, is the chief investment officer. Thomas W. Merritt, partner, is the client contact.

Trendstat Capital Management Inc.

10733 Sunset Office Drive #355, St. Louis, Mo. 63127; (314) 822-3500

Total assets managed	$22,000,000
Tax-exempt assets managed:	
Total	$13,000,000
Fully discretionary	$13,000,000
Minimum separate account	$100,000
Tax-exempt clients	64
Types of accounts managed	CFJ
No. of portfolio managers	2
Size of research staff	1

Trendstat Capital Management Inc., an equity and balanced manager, practices hedging in equities.

It uses econometric models to manage broker-referred accounts. Risk reduction using market timing, statistical stock screens, stop losses and options/futures hedging is practiced.

A trend follower, it uses econometric models of long-term bonds and interest rates to reduce risk and time purchases and sales of Treasury bonds and bills.

The asset mix Jan. 1 was 98% stocks, 0.5% bonds, 1% cash and 0.5% hedges. All of its research originates in-house; 150 stocks are followed closely and 5,000, generally. Options, stock index futures and fixed-income futures are used.

Thomas F. Basso, president, is chief investment officer. C.W. Carrera, operations manager, is client contact.

Trevor Stewart Burton & Jacobsen Inc.

90 Park Ave., New York, N.Y. 10016; (212) 689-7105

Total assets managed	$175,000,000
Tax-exempt assets managed:	
Total	$125,000,000
Fully discretionary	$125,000,000
International assets managed	$3,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	33
Types of accounts managed	CEF
No. of portfolio managers	3

Trevor Stewart Burton & Jacobsen Inc. handles equity, fixed-income and balanced accounts.

It uses Graham & Dodd analysis for equity, seeking low P/E stocks.

For fixed income, it uses interest rate anticipation.

The asset mix Jan. 1 was 25% stocks, 70% bonds and 5% cash. It had $3 million invested in international stocks for U.S. tax-exempt clients.

The firm netted $10 million in new tax-exempt business for 1984; 3 tax-exempt clients were added.

Five percent of research is generated internally; 50 stocks are followed closely and 300, generally. Options are used.

Paul W.H. Trevor, chairman, is chief investment officer. E. Nicholson Stewart, president, is client contact.

Treynor-Arbit Associates

111 W. Jackson Blvd., Chicago, Ill. 60604; (312) 431-5030

Total assets managed	$550,000,000
Tax-exempt assets managed:	
Total	$550,000,000
Fully discretionary	$550,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	16
Types of accounts managed	CEFGJ
Size of research staff	5

Treynor-Arbit Associates, an equity manager, develops themes and identifies groups of stocks that it believes are undervalued as a result of biases in the way other investors analyze information.

The asset mix Jan. 1 was 96% stocks and 4% cash.

The firm netted $265 million in new tax-exempt business for 1984; 13 tax-exempt clients were added.

IBM, Rockefeller Foundation, Goodyear and New York City Teachers are among its clients.

Eighty-five percent of research is generated internally; 50 stocks are followed closely and 100, generally.

Harold Arbit is the chief investment officer. Edward Matz Jr., senior vice president, is the client contact.

Trident Investment Management Inc.

80 E. Ridgewood Ave., Paramus, N.J. 07653; (201) 265-9600

Total assets managed	$467,000,000
Tax-exempt assets managed:	
Total	$434,000,000
Fully discretionary	$327,000,000
Real estate assets managed	$112,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	35
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	3

Trident Investment Management Inc. is a balanced manager with investment specialties in both the equity and debt areas.

For equity investments, macroeconomic strategies are used to identify sectors, specific industries and security selections in those areas with greater reward/less risk. As a business cycle evolves, asset positions are adjusted to reflect expected rates-of-return, risk and over-/undervaluation.

For fixed income, macroeconomic strategies, including fiscal/monetary policy, inflation and interest rates are used to concentrate investments to areas of higher reward/less risk. Treasuries, corporates and real estate debt are used to provide maximum current income with minimal appreciation expectations.

For real estate, it uses an investment policy whereby emphasis is placed on preservation of capital, present and future cash flows and long-term appreciation by geographic distribution, quality of surroundings; construction and demographics.

The asset mix Jan. 1 was 36% stocks, 32% bonds, 8% cash, 8% equity real estate, 4% mortgages and 12% mortgage-backed securities.

Clients include Chicago Employees, Minneapolis Employees, Abilene Christian University and Wayne, Mich.

Research is 65% internally generated; 35 stocks are followed closely and 150, generally. Options and stock index futures are used.

Bohdan J. Kekish, senior vice president, is the chief investment officer. Jennifer K. Weiner, assistant vice president, is the client contact.

The firm is a wholly owned subsidiary of Pacific Inland Bancorp, a financial services holding company.

Trinity Investment Management Corp.

10 Tremont St., Boston, Mass. 02108; (617) 742-9525

Total assets managed	$710,000,000
Tax-exempt assets managed:	
Total	$702,000,000
Fully discretionary	$702,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	18
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	6

Trinity Investment Management Corp., an equity manager, uses an investment approach based on low P/E, sector rotation and Graham & Dodd. Portfolio buys and sells are selected primarily by a composite ranking that uses eight proven submodels, ranging from Graham & Dodd through CashFlow PlowBack to Dividend Discount.

As of Jan. 1, tax-exempt assets under management totaled $702 million, with a mix of 98% stocks and 2% cash.

Net new tax-exempt business gained in 1984 totaled $137 million. The firm gained eight tax-exempt clients in 1984.

All research is internal; 900 stocks are followed closely.

Its 18 tax-exempt clients include The Common Fund, State of Pennsylvania, Texaco and University of Pittsburgh.

Stanford Calderwood, president, is the chief investment officer and client contact.

Trusco Capital Management

50 Hurt Plaza, Suite 1400, Atlanta, Ga. 30303; (404) 581-1757

Total assets managed	$2,600,000,000
Tax-exempt assets managed:	
Total	$2,550,000,000
Fully discretionary	$2,400,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFG
No. of portfolio managers	12
Size of research staff	8

Trusco Capital Management Inc. offers equity, fixed and balanced capabilities.

Fundamental analysis determines a stock's position on six key characteristics; this analysis leads to superior stock selection. Options are used.

It evaluates four fixed-income areas: returns — yield curve, quality spreads; aggregates — monetary conditions; economic cycle; and technical — commodity prices, unemployment claims.

Of the total tax-exempt assets Jan. 1, $400 million was in commingled and $2.15 billion in separate accounts. The asset mix was 49% stocks, 44% bonds and 7% cash.

Clients include Coca-Cola, Equifax, Gold Kist and Southern Services.

Research is 50% to 75% internally generated; 200 stocks are followed closely and 400, generally.

Lawrence J. Trotti, president, is the chief investment officer. Bob M. Farmer, vice president, is the client contact.

The firm is a wholly owned subsidiary of Trust Company Bank.

Master trust services will examined in the May 25 issue.

Trust Company of the West

400 S. Hope St., Los Angeles, Calif. 90071; (213) 683-4000

Total assets managed	$6,500,000,000
Tax-exempt assets managed:	
Total	$6,400,000,000
Fully discretionary	$5,700,000,000
Real estate assets managed	$400,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	15

Trust Company of the West offers equity, fixed, balanced and real estate capabilities.

It takes a top-down equity approach with the goal of identifying changes before they are generally perceived and to shift between asset categories and industries to take advantage of the change.

The passive fixed-income approach is also top down, with a goal of catching cyclical shifts in interest rates.

The real estate approach is research driven and national in scope. It is a tax-efficient investor seeking real rate of return in office, commercial, in-

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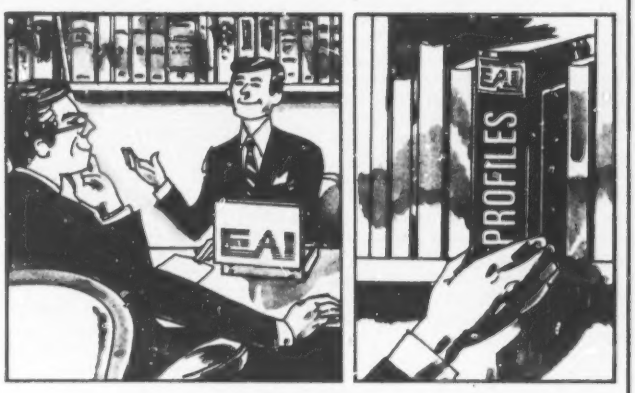

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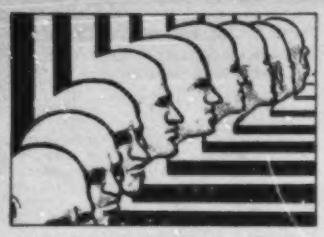

dustrial and retail properties. Closed-end funds and separate accounts are offered.

The asset mix Jan. 1 was 62.5% stocks, 16.1% bonds, 13.5% cash, 6.4% equity real estate and 1.5% debt and royalty.

Half its research originates in-house; 100 stocks are followed closely and 250, generally. Options are used.

Ernest O. Ellison, president, is the chief investment officer. Thomas E. Larkin, managing director, is the client contact.

Trustee & Investors Co. Inc.

77 Franklin St., Boston, Mass. 02110; (617) 482-6017

Total assets managed	$800,000,000
Tax-exempt assets managed:	
Total	$300,000,000
Fully discretionary	$800,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	25
Types of accounts managed	CEFG
No. of portfolio managers	4
Size of research staff	9

Trustee & Investors Co. Inc., an equity manager, uses a team approach, including computer screens, and primarily fundamentals to select underpriced, basic value stocks. Considering itself a stock picker, the firm seeks incremental units of risk that produce higher incremental units of reward.

The asset mix Jan. 1 was 97% stocks and 3% cash.

The firm added eight tax-exempt clients last year.

Ninety-five percent of research is generated internally; 100 stocks are followed closely and 6,100, generally.

Mason J.O. Klinck, managing director, is the chief investment officer. Richard L. Welch, investment director, is the client contact.

Trust Services of America

700 Wilshire Blvd., Los Angeles, Calif. 90017; (213) 614-7056

Total assets managed	$1,851,000,000
Tax-exempt assets managed:	
Total	$700,000,000
Fully discretionary	$253,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	12
Size of research staff	5

Trust Services of America offers equity, fixed-income and balanced capabilities.

For equity investments, a quantitative, contrarian, multidisciplinary equity valuation process is applied systematically.

Its fixed-income approach includes sector analysis and an active credit and yield spread analysis, using traditional and quantitative methods.

Of the tax-exempt assets Jan. 1, $332 million was in commingled and $368 million in separate accounts. Presumably, the remainder of the assets was in general account funding products.

The asset mix was 29% stocks, 34% bonds and 37% cash.

Clients include The Common Fund, Texasgulf, TICOR and California Federal.

The firm generates half its research internally; 100 stocks are followed closely and 1,400, generally. Options and stock index and fixed-income futures are used.

Robert D. Arnott, executive vice president, is the chief investment officer. Richard Boling, senior vice president, is the client contact.

Tukman Capital Management

60 E. Sir Francis Drake Blvd., Larkspur, Calif. 94123; (415) 461-6833

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$90,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	15
Types of accounts managed	CEF
No. of portfolio managers	2

Tukman Capital Management, an equity manager, concentrates equity investments in highly profitable companies purchased at moderate P/Es.

The asset mix Jan. 1 was 90% stocks and 10% cash.

The firm netted $10 million in new tax-exempt business last year; it added two tax-exempt clients.

Research is 95% internally generated; 25 to 30 stocks are followed closely and 100 to 150, generally.

Melvin T. Tukman, president, and Daniel L. Grossman, vice president, are the chief investment officers and client contacts.

U

Unified Management Corp.

600 Guaranty Building, Indianapolis, Ind. 46204; (800) 862-7283

Total assets managed	$275,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Minimum separate account	$250,000
Tax-exempt clients	3
Types of accounts managed	CEFJ
No. of portfolio managers	2

Unified Management Corp., an equity and balanced manager, searches for growth stocks with a consistent long-term growth history in industries currently out of favor.

For fixed income, it searches for debt obligations of issues that are exhibiting a turnaround in market-adjusted debt ratios. It is especially interested in convertible issues.

The firm netted $2 million in new tax-exempt business last year, split evenly between equities and bonds; two clients were added.

The asset mix Jan. 1 was 50% stocks, 35% bonds and 15% cash.

Research is 95% internally generated; 100 stocks are followed closely and 250, generally. Options are used.

Nicholas F. Kaiser is the chief investment officer. Ronald L. Keller is the client contact.

Union Bank & Trust Co. of Eastern Pennsylvania

52 W. Broad St., Bethlehem, Pa. 18018; (215) 861-1769

Total assets managed	$88,000,000
Tax-exempt assets managed:	
Total	$52,000,000
Fully discretionary	$52,000,000
Tax-exempt clients:	
Commingled	27
Separate	63
Types of accounts managed	CFGJ
No. of portfolio managers	1

Union Bank & Trust Co. of Eastern Pennsylvania offers equity, fixed and balanced capabilities.

Its equity approach combines Graham & Dodd analysis with low P/E stocks; for fixed income, it relies on interest rate anticipation.

Of the tax-exempt assets Jan. 1, $1.3 million was in commingled and $50.7 million in separate accounts. The asset mix was 8% stocks and 92% bonds.

The firm follows 100 stocks closely and 200, generally.

Edward A. Kramer, trust investment officer, is the chief investment officer and client contact.

Union Central Life Insurance

P.O. Box 179, Cincinnati, Ohio 45201; (513) 595-2200

Total assets managed	$1,505,000,000
Tax-exempt assets managed:	
Total	$701,000,000
Fully discretionary	$680,000,000
Tax-exempt clients:	
Pooled	121
GICs	329
Other	910
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	4

Top 25 managers ranked by new business

Rank	Managers	($ millions)
1.	Metropolitan Life Insurance Co.	$ 5,403
2.	Prudential Asset Mgmt.	3,566
3.	Harris Trust and Savings Bank	3,249
4.	The Northern Trust Co.	2,457
5.	The Travelers Cos.	2,328
6.	National Investment Services of America	2,200
7.	Pacific Investment Mgmt. Co.	1,900
8.	J.P. Morgan Investment Mgmt. Inc.	1,839
9.	Fischer Francis Trees & Watts Inc.	1,821
10.	Aetna Life and Casualty Co.	1,818
11.	New York Life Insurance Co.	1,665
12.	CIGNA	1,619
13.	Chase Investors Mgmt.	1,525
14.	Wells Fargo Investment Advisors	1,454
15.	Mellon Capital Mgmt. Corp.	1,400
16.	The John Hancock Cos.	1,225
17.	Morgan Stanley Asset Mgmt.	1,162
18.	The RREEF Funds	1,043
19.	Newberger & Berman	1,022
20.	Leland O'Brien Rubinstein Assocs. Inc.	1,000
21.	The Vanguard Group Inc.	1,000
22.	Miller Anderson & Sherrerd	987
23.	Provident National Assurance Co.	963
24.	Lincoln Capital Mgmt. Co.	939
25.	Bankers Trust-Investment Mgmt. Group	907
	TOTAL	$44,512

Union Central offers equity, fixed-income and short-term capabilities.

Its equity approach focuses on growth and fundamentally undervalued stocks. Its fixed-income approach emphasizes investment-grade, intermediate maturities.

The firm oversees $21 million in pooled accounts for tax-exempt clients. The asset mix Jan. 1 was 27.2% stocks, 10.3% bonds 1.4% cash and 61.1% commercial paper.

GICs accounted for $105 million.

Michael A. Conway is senior vice president and chief investment officer. John H. Jacobs, assistant vice president-group pension sales, is the client contact.

The Union Labor Life Insurance Co.

111 Massachusetts Ave. N.W., Washington, D.C. 20001; (202) 682-0900

Total assets managed	$1,254,000,000
Tax-exempt assets managed:	
Total	$950,000,000
Fully discretionary	$199,000,000
Real estate assets managed	$287,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	388
Types of accounts managed	CGJ
No. of portfolio managers	3
Size of research staff	8

Union Labor handles equity, fixed-income and balanced accounts.

Its equity approach features Graham & Dodd analysis and low P/E stocks. It emphasizes a contrarian, value-oriented, total return approach. Risk is controlled to provide investment returns substantially independent of overall market conditions.

Its fixed-income approach emphasizes interest rate anticipation for about 25% of the portfolio's assets. The remainder is actively swapped between intermediate and longer maturities as market opportunities arise. Fixed-income futures are used.

The asset mix Jan. 1 was 3.1% stocks, 54% bonds, 11.8% cash, 24.5% mortgages and 6.6% mortgage-backed securities.

Clients include International Union of Aluminum Workers, Food & Commercial Workers International and International Brotherhood of Fireman Oilers.

Herbert C. Canapary, vice president of the investment department, is the chief investment officer. Robert Cassin, director-group pension sales, is the client contact.

Union Mutual Life Insurance

2211 Congress St., Portland, Maine 04122; (207) 780-2056

Total assets managed	$4,742,000,000
Tax-exempt assets managed:	
Total	$2,907,000,000
Fully discretionary	$2,907,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	20

Union Mutual emphasizes market timing and selects stocks according to a growth and top-down strategy.

For fixed income, it offers private placements in commercial mortgages. GICs and fixed-income futures are used.

The asset mix Jan. 1 was 2% stocks, 53% bonds, 1% cash, 1% equity real estate, 37% mortgages, 5% commercial paper and 1% home-office property.

Clients include Northeast Utilities, Prentice-Hall, Uniroyal and Whirlpool.

Dave Tourangeau is the chief investment officer. Roch Rodrique, director-group pensions, is the client contact.

The Union National Bank of Pittsburgh

Fourth Avenue & Wood Street, Pittsburgh, Pa. 15230; (412) 644-8105

Total assets managed	$1,929,000,000
Tax-exempt assets managed:	
Total	$663,000,000
Fully discretionary	$611,000,000
Real estate assets managed	$3,000,000
Minimum separate account	$100,000
Tax-exempt clients	352
Types of accounts managed	CEFG
No. of portfolio managers	5
Size of research staff	5

The Union National Bank of Pittsburgh offers equity, fixed and balanced capabilities.

It uses a combination top-down, bottom-up equity approach principally driven by bottom-up and intra-industry fundamentals. Emphasis is placed on earning power, dividend growth and relative valuation.

The bank is moving toward a semi-passive fixed-income approach using interest rate anticipation in conjunction with return analysis.

All assets were in separate accounts Jan. 1; the asset mix was 27% stocks, 68% bonds, 1% mortgages and 4% other.

The bank follows 100 stocks closely and 700, generally.

Robert H. Montgomery, vice president, is the chief investment officer. Donald R. Vance, senior vice president, is the client contact.

Union National Corp. is a multiple bank holding company whose subsidiaries include the Union National Bank of Pittsburgh, McDowell National Bank and Keystone National Bank.

P&I Age's annual directory of cash managers will appear July 22.

Union Trust Co.

205 Church St., New Haven, Conn. 06502-0907; (203) 773-0500

Total assets managed	$1,082,000,000
Tax-exempt assets managed:	
Total	$338,000,000
Fully discretionary	$338,000,000
Types of accounts managed	CEFGJ

Union Trust Co. offers equity, fixed, balanced and international capabilities.

It provides a multistyle, multimanager and asset allocation modeling approach to investment, offering six equity and fixed-income funds through Frank Russell Investment Management Co. that are designed to achieve client goals of consistent, above-average performance with reduced risk levels.

Its fixed-income approach combines interest rate anticipation and sector analysis.

Cadbury Schweppes; SAAB Scania; the New Haven Foundation; and Yale-New Haven Hospital are among its tax-exempt clients.

Y.P. Eckert, senior vice president, is chief investment officer. J. Davies, vice president, and P.K. Johnston, trust officer, are the client contacts.

United Bank & Trust Co.

101 Pearl St., P.O. Box 31317, Hartford, Conn. 06103-7317; (203) 241-2424

Total assets managed	$560,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	$57,000,000
Minimum separate account	$250,000
Tax-exempt clients:	
Commingled	10
Separate	75
Types of accounts managed	CEFGJ
No. of portfolio managers	6

United Bank & Trust Co. offers equity, fixed and balanced capabilities.

Its uses Graham & Dodd analysis for equity and interest rate anticipation for fixed-income investments.

Of the tax-exempt assets Jan. 1, $7 million was in commingled and $58 million in separate accounts. The asset mix was 40% stocks, 37% bonds and 23% cash.

The bank follows 40 stocks closely and 150, generally.

Charles S. Onderdonk III, vice president, is the chief investment officer. Thomas J. Henry Jr., vice president, is the client contact.

United Capital Management

1700 Broadway, Suite 1300, Denver, Colo. 80274; (303) 831-9474

Total assets managed	$2,221,000,000
Tax-exempt assets managed:	
Total	$2,061,000,000
Fully discretionary	$2,061,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	36
Types of accounts managed	CFGJ
No. of portfolio managers	4
Size of research staff	2

United Capital Management, an equity and balanced manager, buys depressed, out-of-favor stocks that have major rebound potential during a three-year horizon. The use of a strict sell discipline is an important characteristic of its contrarian approach.

For fixed income, it uses business cycle analysis to evaluate the direction of interest rates. Portfolio structure (sector, quality and maturity characteristics) is determined by spread analysis.

The asset mix Jan. 1 was 74% stocks, 25% bonds and 1% cash.

The firm netted $369 million in new tax-exempt business for 1984; 10 tax-exempt clients were added.

U S WEST, Washington, General Public Utilities and Greyhound are among its clients.

All of its research originates in-house; 80 stocks are followed closely and 13, generally.

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State, local, provincial gov'ts.
J: Jointly trusteed
U: Unions (Canadian advisers only)

W. Lon Schreur, president, is chief investment officer. Denise Bryant, vice president, is client contact.

The firm is owned by United Bank of Denver.

United Investment Counsel

210 Newbury St., Boston, Mass. 02116; (617) 267-8855

Total assets managed	$800,000,000
Tax-exempt assets managed:	
Total	$125,000,000
Fully discretionary	$53,000,000
Minimum separate account	$250,000
Tax-exempt clients	75
Types of accounts managed	CEFG
No. of portfolio managers	9
Size of research staff	10

United Investment Counsel Inc., a balanced manager, combines growth, emerging growth and low P/E stocks with Graham & Dodd analysis in its equity approach.

Interest rate anticipation is used for fixed income.

The firm follows 250 stocks closely and 750, generally.

Donald G. Parsons, president, is the chief investment officer. Cassie M. Grant, senior vice president, is the client contact.

The firm is a subsidiary of United Business Service Co.

United Jersey Bank

210 Main St., Hackensack, N.J. 07601; (201) 646-5231

Total assets managed	$500,000,000
Tax-exempt assets managed:	
Total	$155,000,000
Tax-exempt clients:	
Commingled	95
Separate	104
Types of accounts managed	CEFGJ
No. of portfolio managers	3
Size of research staff	2

United Jersey Bank offers equity, fixed, balanced, real estate and international capabilities.

Its equity approach stresses low P/E stocks and the fixed-income approach, interest rate anticipation.

Of the tax-exempt assets Jan. 1, $53 million was in commingled and $102 million in separate accounts. The asset mix was 30% stocks and 70% bonds.

John W. Gustafson, vice president, is the chief investment officer. Cos D'Anrea is the client contact.

United Missouri Investment Counsel Service

P.O. Box 226, Kansas City, Mo. 64141; (816) 556-7340

Total assets managed	$2,100,000,000
Tax-exempt assets managed:	
Total	$1,342,000,000
Fully discretionary	$1,342,000,000
Minimum separate account	$500,000
Tax-exempt clients	450
Types of accounts managed	CEFGJ
No. of portfolio managers	11
Size of research staff	5

United Missouri Investment Counsel Service handles equity, fixed-income and balanced accounts.

Its equity investments are in undervalued companies with strong balance sheet characteristics whose outlook calls for above-average unit growth with a product line that offers pricing flexibility.

Its primary fixed-income emphasis is placed on maturity shifts based on interest rate outlook. High quality (AA+) ratings generally are not sacrificed despite spreads. Key forecasting tools are related to manufacturing operating rates.

The asset mix Jan. 1 was 40% stocks, 40% bonds and 20% cash.

The firm netted $52 million in new tax-exempt business for 1984.

Clients include V.F. Corp., Shriners Hospital for Crippled Children, Missouri Local Government Employees and William Jewell College.

The firm follows 139 stocks closely and 200, generally.

Stuart L. Murdock, executive vice president and senior investment officer, is the chief investment officer. David B. Anderson, senior vice president and investment officer, is the client contact.

It is affiliated with United Missouri Bank of Kansas City.

United of Omaha Life Insurance Co.

Mutual of Omaha Plaza, Omaha, Neb. 68175; (402) 978-5138

Total assets managed	$2,531,000,000
Tax-exempt assets managed:	
Total	$1,160,000,000
Fully discretionary	$1,160,000,000
Types of accounts managed	CFGJ

United of Omaha offers equity and fixed-income capabilities.

When making equity investments, it buys stocks in undervalued companies that are characterized by above-average and increasing returns.

For fixed-income investments, it matches maturities or duration of assets and liabilities, with an emphasis on private placement of bonds. GICs account for $217 million.

M. Thomas Crummer, senior executive vice president, is chief investment officer. Dwain R. Horn, vice president, group pensions division, is client contact.

United States National Bank of Galveston, Texas

P.O. Box 179, Galveston, Texas 77553; (409) 763-1151

Total assets managed	$200,000,000
Tax-exempt assets managed:	
Total	$70,000,000
Fully discretionary	$70,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	146
Separate	61
Types of accounts managed	CEF
No. of portfolio managers	1

United States National Bank of Galveston, Texas, offers equity, fixed and balanced capabilities.

In equities, it seeks stocks that are out of favor with other investors and have low P/E ratios and above-average dividends. Stocks are selected to provide a total investment return that is greater than the inflation rate during a market cycle; emphasis is placed on risk protection.

For fixed income, it uses interest rate anticipation.

Of the tax-exempt assets Jan. 1, $25 million was in commingled and $45 million in separate accounts. The asset mix was 75% stocks, 5% bonds and 20% cash.

The bank follows 100 stocks closely and 250, generally. Options are used.

Harris L. Kempner Jr. is the chief investment officer. Freddie B. Meier, senior vice president and trust officer, is the client contact.

United States Trust Co. of New York

45 Wall St., New York, N.Y. 10005; (212) 806-4480

Total assets managed	$9,800,000,000
Tax-exempt assets managed:	
Total	$2,300,000,000
Fully discretionary	$2,000,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	12

United States Trust Co. of New York offers equity, fixed, balanced, real estate and international capabilities.

Its equity approach focuses on basic investment worth and employs three strategies: problem/opportunity — companies successfully solving major problems; transaction value — underpriced at market; early life cycle — young and mature companies in growing markets.

Its active fixed-income management is via yield curve optimization, and is emphasizing intermediate-term securities. Its passive approaches include dedication, cash-flow matching, immunization and contingent immunization.

For real estate, it specializes in predevelopment land, identifying and acquiring properties possessing high potential for appreciation.

The asset mix Jan. 1 was 21% stocks, 68% bonds, 9% cash, 1% equity real estate and 1% international.

Research is 25% internally generated; 150 stocks are followed closely.

Jay C. Harbeck, senior vice president-fixed income, and Frederick B. Taylor, senior vice president-equity, are senior investment officers. John K. Holland and John R. Gepfert, vice presidents, are client contacts.

Unity Management Inc.

2001 Marcus Ave., Lake Success, N.Y. 11042; (516) 437-2200

Total assets managed	$312,000,000
Tax-exempt assets managed:	
Total	$312,000,000
Fully discretionary	$312,000,000
International assets managed	$10,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	49
Types of accounts managed	CGJ
No. of portfolio managers	5
Size of research staff	4

Unity Management Inc., a balanced manager, determines its approach to the equity market by actively following individual companies and market trends. It uses in-house computer systems and traditional research sources for fundamental and technical analysis.

Fixed-income policy is established through conventional and computer-generated interest rate forecasts. Bond swapping and immunization programs are used for restructuring asset allocations in client portfolios.

The asset mix Jan. 1 was 30% stocks, 50% bonds and 20% cash.

The firm netted $22 million in new tax-exempt business for 1984, $5 million in equities and $17 in fixed; six tax-exempt clients were added.

Laborers Local 1298, IUE AFL-CIO Local 475, New York City Transit PBA and Iron Workers Local 580 are among its clients.

Research is 40% internally generated; 100 stocks are followed closely and 1,500, generally.

Irving Decter, president, is the chief investment officer; he and Kenneth Decter, vice president, are the client contacts.

V

Valley National Bank of Arizona

P.O. Box 71, Phoenix, Ariz. 85001; (602) 261-1600

Total assets managed	$2,075,000,000
Tax-exempt assets managed:	
Total	$761,000,000
Fully discretionary	$330,000,000
Tax-exempt clients:	
Commingled	212
Separate	350
Types of accounts managed	CEFGJ
No. of portfolio managers	14
Size of research staff	3

Valley National Bank of Arizona offers equity, fixed, balanced and real estate capabilities.

Its equity approach centers on quality growth companies that are strongly positioned to benefit from long-term trends. The in-house research staff analyzes company fundamentals using systematic relative valuation methodologies.

Recognizing that interest rate anticipation is the primary determinant of fixed-income results, it also uses sector selection to add incremental return to its portfolios.

Real estate investments are concentrated in Arizona-based commercial mortgages with interest rate and call provisions tailored to client needs, and in an open-end equity real estate fund.

Of the tax-exempt assets Jan. 1, $13 million was in commingled and $748 million in separate accounts. The asset mix was 12% stocks, 40% bonds, 5% cash and 43% mortgages.

The firm had a net loss of $360 million in tax-exempt business for 1984; 40 tax-exempt clients were gained.

Half its research originates inhouse; 60 stocks are followed closely and 200, generally. Options are used.

Lyle Wurtz, vice president and manager-trust investments, is the chief investment officer. Paul Knowles, vice president and manager-trust employee benefits, is the client contact.

Value Investors Inc.

1150 Carriers Building, 601 Locust, Des Moines, Iowa 50309; (515) 247-7801

Total assets managed	$1,543,000,000
Tax-exempt assets managed:	
Total	$962,000,000
Fully discretionary	$962,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	2
Types of accounts managed	CG
No. of portfolio managers	2
Size of research staff	4

Value Investors Inc. is an equity and balanced manager. Using sector rotation, it concentrates equity accounts in areas that will offer above-average, long-run rates.

The primary fixed-income service offered is asset allocation between stocks and bonds.

All assets were in stocks Jan. 1.

The firm netted $6 million in new tax-exempt business last year, adding one client.

Nebraska, Maytag and Lubrizol are among its clients.

Research is 98% internally generated, 150 stocks are followed closely and 3,000, generally.

Ralph Kosmicke, president, is the chief investment officer and client contact.

Bankers Life Co., with assets totalling $1.5 billion, is the firm's parent.

Value Line Asset Management

711 Third Ave., New York, N.Y. 10017; (212) 687-3965

Total assets managed	$1,075,000,000
Tax-exempt assets managed:	
Total	$1,065,000,000
Fully discretionary	$735,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	27
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	90

Value Line Asset Management, an equity manager, employs a value-oriented, computer-based ranking system of a broad universe of 1,700 stocks.

The asset mix Jan. 1 was 85% stocks and 15% cash.

Results...

Phoenix Mutual's pooled Real Estate Separate Account (RESA) has put together a string of exceptional quarters. The quarter ending March 31, 1985 produced a total return of 5.14%. Latest twelve-month performance is 19.42%. Not bad.

Since its inception (6/30/81) RESA has compiled an effective annual time-weighted rate of return of 16.66% and has consistently ranked in the top quartile of all open- and closed-ended equity real estate funds listed in the "Real Estate Profiles Report" published quarterly by Evaluation Associates, Incorporated, Westport, CT. Not bad indeed.

Our current acquisitions for RESA are structured as landsale leaseback leasehold loans which provide a high contract yield plus participation in the cash flow from the property.

If you prefer performance to talk, send in the coupon below. You'll discover how our pooled real estate separate account can get results for you.

19.42%

Tell me more about the results of your pooled real estate separate account.

Name _____

Title _____

Company _____

Address _____

City _____ *State* ____ *Zip* ____

Telephone _____

Send to:
H. Russell Irving, Second Vice President, One American Row, Hartford, CT 06115. (203) 275-5000.

Phoenix Mutual Life Insurance Company

A20

Past investment results are not intended as an indication of future performance.

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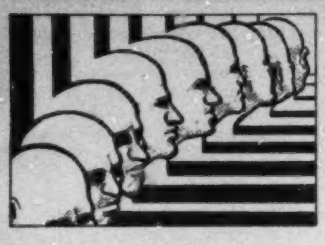

New York City Teachers, National Intergroup, Owens-Corning and Conoco are among its tax-exempt clients.

All of its research originates in-house: 1,700 stocks are followed closely and 2,500, generally.

Mark K. Tavel, president, is the chief investment officer. Robert H. Pearlman, vice president and portfolio manager, is the client contact in New York; Charles Eaton, director of marketing, at (203) 259-2229, also is a contact.

The firm is a division of Value Line Inc.

ValueQuest Ltd.

Roundy's Hill, Marblehead, Mass. 01945; (617) 631-5508

Total assets managed	$78,000,000
Tax-exempt assets managed:	
Total	$75,000,000
Fully discretionary	$75,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	5
Types of accounts managed	CEG
No. of portfolio managers	2
Size of research staff	1

ValueQuest Ltd. is a value-oriented equity manager seeking securities that are priced below their inherent worth in terms of earnings power, asset value and quality. Graham & Dodd analysis and low P/E stocks are used.

The asset mix Jan. 1 was 92% stocks and 8% cash.

The firm netted $67 million in new tax-exempt business for 1984; four clients were added.

3M, Boeing, New York City Teachers and Washington University are among its tax-exempt clients.

Research is 60% internally generated; 150 stocks are followed closely and 3,000, generally.

Katherine Busboom Magrath, partner and chief investment officer, is the client contact.

Van Cleef, Jordan & Wood

230 Park Ave., New York, N.Y. 10169; (212) 986-2600

Total assets managed	$265,000,000
Tax-exempt assets managed:	
Total	$185,000,000
Fully discretionary	$185,000,000
International assets managed	$2,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	12
Types of accounts managed	CEF
No. of portfolio managers	5
Size of research staff	2

Van Cleef, Jordan & Wood Inc. handles equity, fixed-income and balanced accounts.

Using low P/E stocks and sector rotation, its equity approach provides for stable asset growth and protection from declining markets through a combination of timely shifts among asset classes and management of low-risk investments within each class.

Fixed-income maturity decisions are tied to interest rate forecasts. The supply of, and demand for, available funds in the various sectors determines the selection of instruments.

The asset mix Jan. 1 was 40% stocks, 50% bonds and 10% cash.

The firm reported a net gain of $11 million in new tax-exempt business for 1984; two clients were added.

Among its clients are Bowne & Co. and Redler Co.

Research is 90% internally generated; 100 stocks are followed closely and 300, generally.

Richard F.F. Nichols Jr., chairman, is chief investment officer. Carl Lawrence, vice president, is client contact.

The annual investment management consultant directory will be published in the Nov. 25 issue of *Pensions & Investment Age*.

Van Deventer & Hoch

420 N. Brand Blvd., Suite 405, Glendale, Calif. 91203; (818) 247-5330

Total assets managed	$615,000,000
Tax-exempt assets managed:	
Total	$245,000,000
Fully discretionary	$215,000,000
Minimum separate account	$100,000
Tax-exempt clients	365
Types of accounts managed	CEF
No. of portfolio managers	13
Size of research staff	6

Van Deventer & Hoch, an equity and balanced manager, invests in equities, including convertible securities, only when available at prices substantially understating true net asset value. It employs appraisal techniques that stress balance sheet and current earning power analysis. Graham & Dodd analysis is used.

Its fixed-income policy stresses liquidity and absolute safety of capital; total return is secondary. Its passive approach evenly staggers maturities to a maximum of three to seven years, depending on the interest rate outlook.

The asset mix Jan. 1 was 50% stocks, 15% bonds and 35% cash.

The firm had a net gain of $55 million in new tax-exempt business last year, adding 96 clients.

Ninety percent of research is generated internally; 200 stocks are followed closely and 3,500 generally.

Robert E. Van Deventer, president, is the chief investment officer. Richard A. Snyders, vice president, is the client contact.

The firm is a wholly owned subsidiary of Chemical New York Corp.

Van Eck Associates Corp.

122 E. 42nd St., New York, N.Y. 10168; (212) 687-5200

Total assets managed	$795,000,000
Tax-exempt assets managed:	
Total	$35,000,000
International assets managed	$32,000,000
Minimum separate account	$5,000,000
Types of accounts managed	C
No. of portfolio managers	5
Size of research staff	5

Van Eck Associates Corp. is a global manager that specializes in gold mining.

For non-gold investments, it attempts to identify attractive countries, industries and companies.

The asset mix Jan. 1 was 96% international stocks and 4% cash.

John C. Van Eck, president, is chief investment officer. Harry J. Bingham, vice president, is client contact.

Vanbrit Investment Management Inc.

Suite 620, 1100 Melville, Vancouver, British Columbia V6E 4A6; (604) 687-1393

Total assets managed	$65,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	$65,000,000
Real estate assets managed	$2,000,000
International assets managed	$2,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	4
Types of accounts managed	C
No. of portfolio managers	2

Vanbrit Investment Management Inc., a Canadian balanced manager, places up to 50% of the equity portfolio in small to medium-sized growth companies; all investments emphasize earnings per share growth, return on equity and avoidance of financial risk.

For fixed-income, its core position emphasizes security of capital through use of extendibles, retractables and sinking funds; the balance is invested in anticipation of interest rate changes.

Real estate is viewed from an equity perspective with growth in cash flow and value of the properties expected to continue to provide attractive real returns.

The asset mix Jan. 1 was 44% Canadian stocks, 45% bonds, 1% cash, 2% equity real estate and 8% U.S. stocks.

One-fifth of its research is generated internally.

Larry D. Avant, president, is chief investment officer and client contact.

The firm is affiliated with Toronto Investment Management, Montreal Investment Management, European & Pacific Investment Management.

The Vanguard Group Inc.

Vanguard Financial Center, Valley Forge, Pa. 19482; (215) 648-6000

Total assets managed	$3,900,000,000
Tax-exempt assets managed:	
Total	$2,500,000,000
Fully discretionary	$2,500,000,000
Tax-exempt clients	1,000
Types of accounts managed	CEFG
No. of portfolio managers	3

The Vanguard Group Inc. handles equity, fixed-income, balanced and international investments in commingled funds.

It has funds in every market sector of the equity and fixed-income markets.

The asset mix Jan. 1 was 75% stocks, 24% fixed income and 1% GICs.

The firm netted approximately $1 billion in new tax-exempt business for 1984; more than 500 clients were added.

FMC, IBM, Rohm & Haas and 3M are among its tax-exempt clients.

John C. Bogle, chairman, is the chief investment officer. E.F. Bowditch Jr., senior vice president-institutional marketing, is the client contact.

Vaughan, Nelson, Scarborough & McConnell

6300 Texas Commerce Tower, Houston, Texas 77002-3071; (713) 224-2545

Total assets managed	$700,000,000
Tax-exempt assets managed:	
Total	$625,000,000
Fully discretionary	$625,000,000
Minimum separate account	$2,500,000
Tax-exempt clients	52
Types of accounts managed	CEFGJ
No. of portfolio managers	6

Vaughan, Nelson, Scarborough & McConnell Inc., an equity and balanced manager, emphasizes individual equity selection through original primary research, active asset allocation and rotation of issues and groups through proprietary relative valuation analysis.

For fixed income, it uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 70% stocks and 30% bonds.

Trinity University, Daniel Industries, Browning Ferris Industries and Robert A. Welch Foundation are among its tax-exempt clients.

Three-fourths of research is generated internally; 50 stocks are followed closely and 200, generally.

Eugene H. Vaughan, president, is the chief investment officer. John E. Young, principal, is the client contact.

Verus Capital

45 Broadway, 29th Floor, New York, N.Y. 10006; (212) 943-9200, Ext. 858

Total assets managed	$213,000,000
Tax-exempt assets managed:	
Total	$213,000,000
Fully discretionary	$213,000,000
International assets managed	$30,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	6
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	12

Verus Capital's investment philosophy is, at all times, to look for 25 to 30 special equity situations (U.S. or international) with unique fundamentals and attractive risk/reward valuation parameters. Graham & Dodd analysis is used.

The equity manager's asset mix Jan. 1 was 90% stocks, 5% bonds and 5% cash.

The firm netted $20 million in new tax-exempt business for 1984.

Clients include ITT, Allied, Pfizer and Public Service Electric & Gas.

Research is 60% internally generated; 150 stocks are followed closely and 400, generally. Stock index futures are used.

Charles C. Reilly, president, is the chief investment officer. Frederic C. Reynolds, director of marketing, is the client contact.

Arnhold & S. Bleichroeder, a brokerage firm with assets totaling $540 million, is the parent company.

Virginia Investment Counselors Inc.

1001 United Virginia Bank Building, Norfolk, Va. 23510; (804) 623-2491

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$90,000,000
Fully discretionary	$75,000,000
Real estate assets managed	$2,000,000
Minimum separate account	$100,000
Tax-exempt clients	45
Types of accounts managed	CEF
No. of portfolio managers	3

Virginia Investment Counselors' equity philosophy is to use B+, dividend-paying, listed stocks. Companies chosen are undervalued and have positive earnings momentum. It uses covered call writing to improve income and limit downside exposure. Graham & Dodd analysis and sector rotation are used.

Its fixed-income approach is a combination of interest rate anticipation and sector analysis. It tends to stay in the short side of the interest rate curve.

Its exposure to real estate is through the use of mortgage-backed bonds with some participation in cash flow.

The balanced manager's tax-exempt asset mix Jan. 1 was 33% stocks, 30% bonds, 35% cash and 2% mortgage-backed securities.

The firm netted $15 million in new tax-exempt business for 1984.

MidAtlantic Coca-Cola Bottling, Norshipco, Be-Lo Markets and Old Dominion University are among its tax-exempt clients.

Half its research originates in house; 30 stocks are followed closely and 50, generally.

Frederick V. Martin, president, is chief investment officer. Henry U. Harris III, vice president, is client contact.

W

Wachovia Bank & Trust Co.

P.O. Box 3099, Winston-Salem, N.C. 27150; (919) 748-5906

Total assets managed	$4,333,000,000
Tax-exempt assets managed:	
Total	$2,499,000,000
Fully discretionary	$2,499,000,000
International assets managed	$20,000,000
Minimum separate account	$1,000,000
Types of accounts managed	CEFGJ
No. of portfolio managers	22
Size of research staff	6

Wachovia Bank & Trust Co. offers equity, fixed, balanced and real estate capabilities.

It identifies major social and economic forces and trends, seeking to capitalize on early detection of change. Sector rotation is used.

It relies on more than one tool to capture fixed-income returns because the principal sources of income rotate over time. Interest rate anticipation and sector analysis are used.

Its dual real estate approach combines acquisition and development, allowing it to take advantage of any market condition and continue investing throughout the economic cycle.

The tax-exempt asset mix Jan. 1 was 45% stocks, 30% bonds, 10% cash and 15% equity real estate.

The bank follows 250 stocks closely. Options are used.

H. Vernon Winters, group vice president, is the chief investment officer. Nicholas L. Verano III, vice president and manager of marketing, and Cindy L. Corey, marketing consultant, are the client contacts.

Waddell & Reed Asset Management Co.

P.O. Box 19131, 2400 Pershing Road, Kansas City, Mo. 64141-2131; (816) 283-4000

Total assets managed	$1,138,000,000
Tax-exempt assets managed:	
Total	$677,000,000
Fully discretionary	$677,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	37
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	20

Waddell & Reed Asset Management Co. handles equity, fixed-income and balanced accounts.

Equity investment primarily is based on the firm's asset allocation decision. Its degree of participation in the market is based on discipline and extensive analysis of two factors — price vs. intrinsic value relationships and the business cycle.

It manages fixed-income portfolios actively on the basis of interest rate anticipation. Its primary bond technique is to alter maturities based on its outlook for interest rates.

The asset mix Jan. 1 was 63% stocks, 22% bonds and 15% cash.

Clients include Akzona, Ralston Purina, Missouri and Walter Kidder.

Ninety-five percent of research is generated internally; 350 stocks are followed closely. Options and fixed-income futures are used.

Ben Korschot, chairman of the board, is the chief investment officer. Milton E. Lackey and Randy J. Wood, vice presidents, are client contacts.

The firm is a wholly owned subsidiary of Waddell & Reed Inc., whose assets total $4.5 billion.

25 largest managers of 401(k) plan assets

Rank	Managers	($ millions)
1.	The John Hancock Companies	$ 2,200
2.	Aetna Life and Casualty Co.	1,980
3.	State Street Bank & Trust Co.	976
4.	Provident National Assurance Co.	600
5.	CIGNA	500
6.	Mellon Bank	500
7.	AmeriTrust Co.	393
8.	The Vanguard Group Inc.	375
9.	The Union Labor Life Insurance Co.	368
10.	Great-West Life Assurance Co.	350
11.	IDS Advisory Group	309
12.	New England Mutual Life Insurance Co.	215
13.	Kent Associates Inc.	210
14.	Marine Midland Bank, N.A.	200
15.	Shields Asset Management Inc.	200
16.	Prudential Asset Management	183
17.	Merganser Capital Management Corp.	175
18.	T. Rowe Price Associates	170
19.	The Bankers Life	150
20.	Dewey Square Investors	150
21.	Eaton Vance Management	150
22.	Wells Fargo Investment Advisors	139
23.	Bank of Oklahoma	130
24.	Trusco Capital Management Inc.	130
25.	Capital Guardian Trust Co.	129
	TOTAL	$10,882

Maury Wade & Co.

5100 Poplar Ave., Suite 2224, Memphis, Tenn. 38137; (901) 682-4613

Total assets managed	$28,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Minimum separate account	$100,000
Tax-exempt clients	6
Types of accounts managed	CF
No. of portfolio managers	1

Maury Wade & Co., an equity and fixed-income manager, uses Graham & Dodd analysis and market timing for its growth stock equity approach.

Its fixed-income approach is passive.

The asset mix Jan. 1 was 60% stocks, 35% bonds and 5% cash.

Half its research originates in-house; 50 stocks are followed closely and 200, generally.

Maury Wade Jr., owner, is the chief investment officer and client contact.

Wagner Southern Forest Investments Inc.

10 Piedmont Center, Suite 420, Atlanta, Ga. 30305; (404) 239-0986

Minimum separate account	$10,000,000
No. of portfolio managers	2
Size of research staff	1

Wagner Southern Forest Investments Inc., established in February 1984, acquires and manages timberland for tax-exempt funds.

Half of its research originates in-house.

Charles M. Tarver, vice president and principal, is chief investment officer. David S. Graham, vice president and principal, is client contact.

Wagner Woodlands Inc., the parent company, has $50 million in assets.

Wagstaff, Lodefink & Associates

136 E. South Temple St., Suite 1740, Salt Lake City, Utah 84111; (801) 532-2777

Total assets managed	$4,000,000
Tax-exempt assets managed:	
Total	$3,000,000
Fully discretionary	$3,000,000
Minimum separate account	$250,000
Tax-exempt clients	8
Types of accounts managed	C
No. of portfolio managers	2

Wagstaff Lodefink & Associates, an equity and balanced manager, was established Jan. 1.

It takes a risk-averse equity approach using high-quality issues with medium to large capitalizations. Its value-oriented stock selections are based on several financial screens. It uses an overall rate of return approach combining dividend, income and growth, and seeks internal rates of return about twice that of the market.

For fixed income, it uses interest rate anticipation.

The asset mix Jan. 1 was 60% stocks and 40% cash.

Thirty stocks are followed closely and 100, generally.

David L. Lodefink is chief investment officer; he and David J. Wagstaff are client contacts.

Wakley & Roberton Inc.

W. 601 First Ave., Suite 500, Spokane, Wash. 99204; (509) 838-3538

Total assets managed	$63,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Fully discretionary	$46,000,000
Minimum separate account	$250,000
Tax-exempt clients	42
Types of accounts managed	CEFGJ
No. of portfolio managers	2

Wakley & Roberton Inc., a balanced manager, is a top-down equity fundamentalist with some sector rotation and market timing.

Interest rate anticipation is used in fixed income.

The asset mix Jan. 1 was 35% stocks, 40% bonds and 25% cash.

Five percent of research is generated internally; 75 stocks are followed closely and 150, generally.

Neil F. Wakley, president, is chief investment officer. Paul W. Mann, vice president, is client contact.

Wall, Patterson, McGrew & Hamilton Inc.

229 Peachtree St. N.E., Suite 900, Atlanta, Ga. 30043; (404) 659-6060

Total assets managed	$885,000,000
Tax-exempt assets managed:	
Total	$835,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	62
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	2

Wall, Patterson, McGrew & Hamilton Inc. handles equity, fixed-income and balanced accounts.

Its equity approach is based on selecting superior growth companies from a prescreened 200-stock universe based on earnings and valuation criteria. Graham & Dodd analysis is used.

Its fixed-income policy is based on yield curve analysis with bond portfolios structured accordingly and solely with securities of the U.S. government and agencies. Interest rate anticipation is used.

The asset mix Jan. 1 was 65% stocks, 30% bonds and 5% cash.

The firm netted $75 million in new tax-exempt business for 1984, $40 million for equities and $35 million in fixed; two tax-exempt clients were added.

Clients include BellSouth, Memphis, Peoples Energy and North Dakota.

Research is 80% internally generated; 200 stocks are followed closely.

J.O. Patterson, chairman, is the chief investment officer. William M. Robertson, vice president, is the client contact.

Warburg Investment Management International

33 King William St., London, England EC4R 9AS; (01) 280-2800

Total assets managed	$172,000,000
Tax-exempt assets managed:	
Total	$172,000,000
Fully discretionary	$172,000,000
International assets managed	$172,000,000
Tax-exempt clients	10
Types of accounts managed	CEF
No. of portfolio managers	4
Size of research staff	23

Warburg Investment Management International Ltd. takes an active approach to stock selection, based on substantial research and guided by the predicted economic environment, the changing dynamics of markets, technical and quantitative analysis and fundamental criteria. A number of sell disciplines are applied.

Its active approach to currency, duration and bond selection also is based on substantial research. Selection is guided by currency allocations and maturity structure appropriate to the predicted economic environment, the changing relationships between markets and sector and credit analysis.

The asset mix Jan. 1 was 81% stocks, 15% bonds and 4% cash.

The firm had a net loss of $37 million in tax-exempt business in 1984.

Clients include Atlantic Richfield, Ford Foundation, Hercules and Sun.

Research is 30% internally generated; 130 stocks are followed closely and 370, generally.

David M.F. Scott, director, is the chief investment officer. Robert P.B. Michaelson, director and joint chief executive officer, is the client contact.

The firm is a subsidiary of Warburg Investment Management, the investment management arm of S.G. Warburg & Co. Ltd., which is the principal asset of Mercurity Securities Plc.

Warburg Pincus Counsellors

466 Lexington Ave., New York, N.Y. 10017; (212) 878-6000

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$941,000,000
Fully discretionary	$908,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	102
Types of accounts managed	CEF
No. of portfolio managers	9
Size of research staff	6

Warburg Pincus Counsellors Inc., an equity and balanced manager, combines growth, emerging growth and low P/E stocks in its equity approach.

For fixed income, it uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 67% stocks, 20% bonds and 13% cash.

The firm had a net loss of $48 million in new tax-exempt business for 1984; seven tax-exempt clients were added.

Clients include United Mine Workers, Rockefeller Foundation, R.J. Reynolds Industries and GTE.

All its research originates in-house; 175 stocks are followed closely.

John L. Furth, president and director, is the chief investment officer.

Ward & Wissner Capital Management Inc.

380 Madison Ave., New York, N.Y. 10017; (212) 557-2072

Total assets managed	$260,000,000
Tax-exempt assets managed:	
Total	$260,000,000
Fully discretionary	$260,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	7
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	2

Ward & Wissner Capital Management Inc., a fixed-income manager, takes a passive investment approach, using options or futures in hedged strategies.

The asset mix Jan. 1 was 90% bonds and 10% options on financial futures.

The firm netted $70 million in new tax-exempt business for 1984; two clients were added.

Clients include Stone & Webster, Gates Rubber, Robertshaw Controls and Raymark.

Len Wissner, chairman, and James Ward, president, are chief investment officers. Mr. Ward is client contact.

Wardley Marine International Investment Management

250 Park Ave., New York, N.Y. 10177; (212) 949-5821

Total assets managed	$58,000,000
Tax-exempt assets managed:	
Total	$54,000,000
Fully discretionary	$54,000,000
International assets managed	$54,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	6
Types of accounts managed	CF
No. of portfolio managers	3
Size of research staff	12

Wardley Marine International Investment Management is a top-down, equity-oriented manager. Geographic allocation is most important.

It uses internally generated currency forecasts and economic scenarios, allowing it first-hand knowledge of various social and economic systems and their influence on the financial markets.

Interest rate anticipation is used in fixed-income investments.

The asset mix Jan. 1 was 66% stocks, 19% bonds and 15% cash.

The firm netted $20 million in new tax-exempt business for 1984; one tax-exempt client was added.

Research is 95% internally generated; 400 stocks are followed closely and 250, generally.

Ian R. Henderson, managing director, is the chief investment officer. Deborah G. George, executive director, is the client contact.

Wardley Investment Services Ltd. and Marine Midland Banks are the firm's parents.

David E. Ware & Associates

1815 Hicks Road, Suite C, Rolling Meadows, Ill. 60008; (312) 991-4440

Total assets managed	$7,000,000
Tax-exempt assets managed:	
Total	$4,000,000
Fully discretionary	$4,000,000
Minimum separate account	$125,000
Tax-exempt clients	15
Types of accounts managed	CE
No. of portfolio managers	1
Size of research staff	1

David E. Ware & Associates Inc., a balanced manager, uses Graham & Dodd analysis. It purchases low P/E, low price-to-book value securities of profitable companies with total projected returns in excess of 3% above prevailing long-term bond yields.

For fixed income, it is passive, purchasing long-term U.S. Government bonds as an alternative to equities when there are not enough common stocks meeting the firm's criteria to complete a portfolio.

The tax-exempt asset mix Jan. 1 was 20% stocks, 75% bonds and 5% cash.

In 1984, the firm netted $2 million in new tax-exempt business; six tax-exempt clients were gained.

Lawndale Steel and the International Association of Insurance Counsel are among its tax-exempt clients.

Half of its research originates in-house; 40 stocks are followed closely and 1,500, generally.

David E. Ware is the chief investment officer and client contact.

Warlick & Baker Inc.

163 Washington St., Morristown, N.J. 07960; (201) 267-1933

Total assets managed	$37,000,000
Tax-exempt assets managed:	
Total	$2,000,000
Fully discretionary	$2,000,000
Minimum separate account	$100,000
Tax-exempt clients	2
Types of accounts managed	EF
No. of portfolio managers	1
Size of research staff	1

Warlick & Baker Inc. looks for extraordinary value in fixed-income securities, and is willing to look at all sectors of the bond market and move into value wherever it is found.

The tax-exempt asset mix Jan. 1 was 49% stocks, 32% bonds and 19% cash.

Half its research originates in-house; 50 issues are followed closely and 200, generally.

R. Patterson Warlick, chairman, is chief investment officer.

Frederic C. Baker, president, is client contact.

Moseley Capital Management Inc. owns 50% of the firm.

Wasatch Advisors Inc.

68 S. Main, Salt Lake City, Utah 84101; (801) 533-0777

Total assets managed	$95,000,000
Tax-exempt assets managed:	
Total	$84,000,000
Fully discretionary	$84,000,000
Minimum separate account	$350,000
Tax-exempt clients	91
Types of accounts managed	CFG
No. of portfolio managers	4
Size of research staff	2

Wasatch Advisors Inc. employs a bottom-up equity selection process using in-house research to maximize earnings growth and minimize P/E ratios in portfolios.

The balanced manager positions the non-stock portion of a portfolio on the yield curve according to in-house proprietary methods. Interest rate anticipation is used.

The asset mix Jan. 1 was 79.6% stocks, 3.7% bonds and 16.7% cash.

The firm netted $4.8 million in new tax-exempt business last year; 13 clients were added.

Among its clients are Utah, Baskin Robbins Ice Cream, Utah Symphony and Emery Mining.

Ninety percent of research is generated internally; 40 stocks are followed closely and 6,000, generally.

Samuel S. Stewart Jr., president, is the chief investment officer. Mark E. Bailey, vice president, is the client contact.

Waycross Investment Management

300 Delaware Ave., P.O. Box 1045, Wilmington, Del. 19899; (302) 656-2009

Total assets managed	$26,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$500,000
Tax-exempt clients	17
Types of accounts managed	CF
No. of portfolio managers	2

Waycross Investment Manage-

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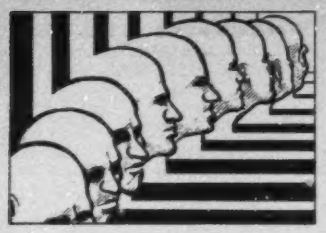


ment, primarily an equity manager, uses a structured screening process for equity investments, based on both a proprietary momentum/relative P/E model and a value screen. It uses quantitative analysis and concentrates on medium- to small-cap, listed equities.

With a passive approach to fixed-income, the firm stays invested in high-quality (A or better) bonds with maturities of five years or less.

The asset mix Jan. 1 was 54% stocks, 30% bonds and 16% cash.

Three-fourths of research is generated internally; 50 stocks are followed closely and 100, generally.

William M. Ryan, president, is the chief investment officer. William K. Ryan, vice president, is the client contact.

Webster Management Corp.

20 Exchange Place, New York, N.Y. 10005; (212) 510-5050

Total assets managed	$3,100,000,000
Tax-exempt assets managed:	
Total	$234,000,000
Fully discretionary	$175,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	100
Types of accounts managed	CEFGJ
No. of portfolio managers	15
Size of research staff	1

Webster Management Corp. takes an accelerated-earnings growth/fundamental bottom-up approach to equity.

The balanced manager uses interest rate anticipation for fixed income.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

In 1984, the firm had a net gain of $31 million; it added four clients.

Among its tax-exempt clients are Montgomery County, Varo, BHP Superannuated and Pipefitters.

One-fourth of its research is generated internally; 150 stocks are followed closely and 2,600, generally.

Lawrence W. Kelly, chairman, is the chief investment officer. Tom Heneghan, vice president, is the client contact.

The firm is a wholly owned subsidiary of Kidder Peabody & Co.

Wedge Capital Management

1650 Charlotte Plaza, Charlotte, N.C. 28244; (704) 334-6475

Total assets managed	$110,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	21
Types of accounts managed	CE
No. of portfolio managers	3
Size of research staff	1

Wedge Capital Management Inc. handles equity, fixed-income and balanced accounts.

The firm uses quantitative disciplines to assist in capital market analysis and to identify stocks of good value at relatively low price. These disciplines also incorporate a well-defined buy/sell process.

Interest rate anticipation is the basis of its fixed-income approach.

The asset mix Jan. 1 was 50% stocks, 10% bonds and 40% cash.

The firm netted $100 million in new tax-exempt business for 1984.

Trailways, McLean Trucking and Wingate College Endowment are among its tax-exempt clients.

Research is 80% internally generated; 60 stocks are followed closely and 300, generally.

Richard X. Hodde, executive vice president, is the chief investment officer. William E. Keenan is the client contact.

Weiss Peck & Greer

1 New York Plaza, New York, N.Y. 10004; (212) 908-9500

Total assets managed	$2,717,000,000
Tax-exempt assets managed:	
Total	$2,302,000,000
Fully discretionary	$2,302,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	90
Types of accounts managed	CEFGJ
No. of portfolio managers	8
Size of research staff	5

Weiss Peck & Greer handles equity, fixed-income and balanced accounts.

Its overall investment philosophy is to manage portfolios actively and to emphasize a value-oriented style of management.

Emerging growth, sector rotation and market timing comprise its equity approach.

Fixed-income maturity and coupon structures are determined based on economic interest rate and inflation outlooks. Yield spread relationships are analyzed and portfolio weightings set. Bonds are selected on the basis of their fundamental attractiveness.

The asset mix Jan. 1 was 64% stocks, 24% bonds and 12% cash.

The firm netted $255 million in new tax-exempt business last year; 11 tax-exempt clients were added.

Allied, National Academy of Sciences, Johns Hopkins University and Becton Dickinson are among its tax-exempt clients.

Research is 80% internally generated; 300 stocks are followed closely and 500, generally. Options are used.

Stephen H. Weiss, managing partner, is the chief investment officer. Vincent E. Teti, director of marketing and client services, is the client contact.

Wellington Management Co./ Thorndike Doran Paine & Lewis

28 State St., Boston, Mass. 02109; (617) 742-8100

Total assets managed	$16,012,000,000
Tax-exempt assets managed:	
Total	$6,141,000,000
Fully discretionary	$6,141,000,000
Real estate assets managed	$214,000,000
International assets managed	$52,000,000
Tax-exempt clients	183
Types of accounts managed	CEFGJ
No. of portfolio managers	30
Size of research staff	30

Wellington Management Co. handles equity, fixed-income, balanced and international accounts.

The firm offers a number of different equity and fixed-income styles. In general, it seeks growth and emerging growth stock with low P/E ratios. For fixed income, it uses sector analysis and interest rate anticipation.

The asset mix Jan. 1 was 73% stocks, 14% bonds, 9% cash and 4% mortgage-backed securities.

The net gain in new tax-exempt business for 1984 was $131 million; 13 tax-exempt clients were added.

AT&T, IBM, Bell Atlantic and Sperry are among its clients.

Research is 90% internally generated; 1,000 stocks are followed closely.

Robert W. Doran, president, is the chief investment officer. Dena G. Willmore, senior vice president, is the client contact.

Wellington Trust Co. of Boston is a wholly owned subsidiary.

Wells Fargo Investment Advisors

475 Sansome St., San Francisco, Calif. 94163; (415) 396-3778

Total assets managed	$14,111,000,000
Tax-exempt assets managed:	
Total	$14,098,000,000
Fully discretionary	$14,098,000,000
Real estate assets managed	$127,000,000
International assets managed	$20,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	392
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	5

Wells Fargo Investment Advisors specializes in index management.

For equities, it offers index funds that replicate the various segments and returns of the U.S. and international equity markets.

Its fixed-income approach creates highly structured and well-diversified index funds that replicate various market sectors including the Shearson Lehman Government/Corporate Bond index.

The asset mix Jan. 1 was 73% stocks, 15% bonds, 9% cash, 2% equity real estate and 1% international.

The firm netted $1.5 billion in new tax-exempt business for 1984; 22 clients were added.

AT&T, GM, Southwestern Bell and Shell are among its clients.

The firm uses options and stock index futures.

Frederick L.A. Grauer is president, chief executive officer and chief investment officer. Thomas A. Middleton, vice president, is the client contact.

The firm is a subsidiary of Wells Fargo & Co.

Wells Fargo Realty Advisors

330 Washington St., Marina del Rey, Calif. 90292; (213) 822-2032

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$600,000,000
Fully discretionary	$600,000,000
Real estate assets managed	$600,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	150
Types of accounts managed	CG
No. of portfolio managers	3

Wells Fargo Realty Advisors emphasizes investments that provide significant value-creation potential.

The asset mix Jan. 1 was 67% equity real estate and 33% mortgages.

The firm netted $40 million in new tax-exempt business last year; five clients were added.

AT&T, GM, Avon and Honeywell are among its tax-exempt clients.

Doug Hayek, director of acquisitions, is the chief investment officer. J. Michael Johnson, director of marketing, is the client contact.

The firm is a wholly owned subsidiary of Wells Fargo & Co.

Welsh, Carson, Anderson & Stowe

45 Wall St., New York, N.Y. 10005; (212) 422-3232

Total assets committed	$324,000,000
Tax-exempt assets committed	$162,000,000
Tax-exempt limited partners	22

Welsh, Carson, Anderson & Stowe, founded in 1978, runs four venture capital funds.

They are: Welsh, Carson, Anderson & Stowe, which closed in March 1979 with $33 million; Welsh, Carson, Anderson & Stowe II, which closed in December 1980 with $32 million; Welsh, Carson, Anderson & Stowe III, which closed in March 1983 with $81 million; and Welsh, Carson, Anderson & Stowe IV, which closed in February 1985 with $178 million.

The firm prefers to do seed and first-stage financings and leveraged buy-outs. The information processing, electronics and health care industries are preferred.

Among its tax-exempt limited partners are GE, Harvard Endowment and Manufacturers Hanover Trust.

The principals are Patrick J. Welsh, Russell L. Carson, Bruce K. Anderson, Richard H. Stowe, Charles G. Moore III and Andrew M. Paul.

Mr. Welsh and Mr. Carson are the client contacts.

Wentworth Hauser & Violich

333 Sacramento St., San Francisco, Calif. 94111; (415) 981-6911

Total assets managed	$2,071,000,000
Tax-exempt assets managed:	
Total	$1,921,000,000
Fully discretionary	$1,921,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	95
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	2

Wentworth Hauser & Violich handles equity, fixed-income and balanced accounts.

Its equity portfolios have the following characteristics: P/E ratio less than S&P, yield greater than S&P, 10-year dividend growth rate double the S&P and an implied return (yield plus plowback) 30% greater than the S&P.

Emphasizing high quality, its risk-averse fixed-income policy is structured to take advantage of cyclical behavior of interest rates.

The asset mix Jan. 1 was 25% stocks, 61% bonds and 14% cash.

The firm netted $651 million in new tax-exempt business for 1984; 19 tax-exempt clients were added.

Bell Atlantic, Halliburton, Mississippi and Southern California Brick Masons are among its tax-exempt clients.

Research is 70% internally generated; 120 stocks are followed closely and 210, generally.

W. Kurt Hauser, president, and P.A. Violich, chairman, are the chief investment officers. Bradford Hall, vice president, is the client contact.

Wertheim Asset Management Services Inc.

230 Park Ave., New York, N.Y. 10169; (212) 370-6140

Total assets managed	$1,407,000,000
Tax-exempt assets managed:	
Total	$1,407,000,000
Fully discretionary	$1,407,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	40
Types of accounts managed	CFJ
No. of portfolio managers	6

Wertheim Asset Management Services Inc. handles equity, fixed-income and balanced accounts.

Its value-oriented equity approach emphasizes individual security selection based on fundamental analysis. Its bottom-up approach emphasizes relative value by selecting individual securities that are selling at reasonable P/E multiples relative to projected earnings growth.

Its fixed-income approach emphasizes total return through active management. Interest rate anticipation is primary, followed by sector rotation based on yield spread analysis. Cash equivalents are an integral part of its style.

The asset mix Jan. 1 was 50.3% stocks, 42.1% bonds and 7.6% cash.

The firm netted $31 million in new tax-exempt business for 1984; two tax-exempt clients were added.

NYNEX, Lockheed, Central Maine and United Technology are among its tax-exempt clients.

About 150 stocks are followed closely and 300, generally.

Ernest Mysogland, president and chief executive officer, is the chief investment officer. Steven W. Golann, senior vice president, is the client contact.

The firm is a wholly owned subsidiary of Wertheim & Co. Inc.

Wertheim-Phillipe International

230 Park Ave., New York, N.Y. 10169; (212) 370-6140

Total assets managed	$268,000,000
Tax-exempt assets managed:	
Total	$22,000,000
Fully discretionary	$22,000,000
International assets managed	$22,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	2
Types of accounts managed	CG
No. of portfolio managers	6
Size of research staff	8

Wertheim-Phillipe International's investment style incorporates both a top-down and bottom-up methodology. Equal weight is placed on the country, sector and stock decisions; minimal use is made of cash equivalents.

Portfolios are diversified with 60 to 100 securities. Approximately one-third of the holdings are in smaller capitalization issues.

The asset mix Jan. 1 was 91% stocks and 9% cash, all in international markets.

The firm netted $22 million in new tax-exempt business for 1984; two new clients were added.

GTE Service and Oregon Public Employees are its tax-exempt clients.

Research is 20% internally generated; 300 stocks are followed closely and 500, generally.

Beatrice Philippe, managing director, is the chief investment officer. Steven W. Golann, managing director, is the client contact.

The firm is a joint venture of Phillipe Group and Wertheim Asset Management, each of which owns 50%.

Western Asset Management

707 Wilshire Blvd., Los Angeles, Calif. 90017; (213) 614-3156

Total assets managed	$2,452,000,000
Tax-exempt assets managed:	
Total	$1,730,000,000
Fully discretionary	$1,730,000,000
Real estate assets managed	$550,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	22
Types of accounts managed	CEFG
No. of portfolio managers	8
Size of research staff	1

Western Asset Management, a fixed-income manager, concentrates on adjusting duration, yield curve analysis, concentration in attractive sectors and identification of securities with special characteristics. Its investment process adjusts duration to control risk and produces most of its excess return from sector concentration and undervalued issue selection.

The asset mix Jan. 1 was 43% bonds, 37% cash and 20% mortgage-backed securities.

The firm netted $200 million in new tax-exempt business for 1984; four tax-exempt clients were added.

PacTel, Lockheed, Rockwell and Minnesota are among its clients.

W. Curtis Livingston, chief executive officer, is the chief investment officer. Randolph L. Kohn, director of marketing, is the client contact.

The firm is a wholly owned subsidiary of First Interstate Investment Services, the investment holding subsidiary of First Interstate Bancorp.

Western Reserve Capital Management Inc.

LTV Center, 44th Floor, P.O. Box 225003, Dallas, Texas 75265; (214) 979-7771

Total assets managed	$581,000,000
Tax-exempt assets managed:	
Total	$581,000,000
Fully discretionary	$581,000,000
International assets managed	$30,000,000
Tax-exempt clients	1
Types of accounts managed	C
No. of portfolio managers	5

Western Reserve Capital Management's equity style and strategy is tailored to the various separate funds — large capitalization diversified, special growth/special situations, international and venture capital partnerships.

The asset mix Jan. 1 was 55% stocks, 40% cash and 5% venture capital partnerships.

Dennis J. Hamilton, president, is the chief investment officer.

The firm is a wholly owned investment management subsidiary of The LTV Corp., acquired in the latter's merger with Republic Steel. Western Reserve manages a portion of the combined Republic/LTV pension assets and is not seeking new accounts now.

Westwood Management

919 Third Ave., New York, N.Y. 10022; (212) 688-4900

Total assets managed	$300,000,000
Tax-exempt assets managed:	
Total	$190,000,000
Fully discretionary	$190,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	8
Types of accounts managed	CE
No. of portfolio managers	2
Size of research staff	2

Westwood Management Corp. follows an active allocation style that incorporates equities, fixed income, cash and options.

For equities, it uses a top-down approach based on the identification of attractive theme market sectors, with individual issue selection from earnings momentum, models and valuation discipline.

Fixed-income instruments are employed when the firm believes their near-term prospective return (through a combination of dividend and principal) makes them attractive.

The asset mix Jan. 1 was 80% stocks and 20% bonds.

The firm netted $105 million in new tax-exempt business for 1984; seven tax-exempt clients were added.

Georgia Pacific, Texas Instruments, GAF and Ebasco Services are among its tax-exempt clients.

One quarter of research is generated internally; 50 stocks are followed closely and 100, generally. The firm uses options.

Susan M. Byrne, president, is the chief investment officer. David W. Jennings, senior vice president, is the client contact.

Merchants Bank of Boston is a minority investor with no active role.

Wheat Investment Advisors

707 E. Main St., Richmond, Va. 23219; (804) 649-2311

Total assets managed	$364,000,000
Tax-exempt assets managed:	
Total	$269,000,000
Fully discretionary	$269,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	84
Types of accounts managed	CEFG
No. of portfolio managers	8

Wheat Investment Advisors Inc., an equity and balanced manager, uses sector rotation for its equity investments. Its top-down approach is based on expected returns vs. risk. Preservation of capital is the underlying theme.

For fixed income, it buys government and agency issues primarily, with maturities spread from one to 10 years. Shifts of some maturities toward the longer or shorter end are made in anticipation of rate changes.

The asset mix Jan. 1 was 67% stocks, 30% bonds and 3% cash.

The firm had a net loss of $21 million in tax-exempt business for 1984; five tax-exempt clients were added.

Westmoreland Coal, James River, Blue Cross of Virginia and Richmond Supplemental are among its tax-exempt clients.

The firm follows 50 stocks closely out of a universe of 500. Options are used.

Huntley G. Davenport, president, is the chief investment officer. Thomas T. Rankin, vice president, is the client contact.

The firm is a wholly owned subsidiary of WES Financial Corp.

Wilmington Trust Co.

Rodney Square North, Wilmington, Del. 19890; (302) 651-8518

Total assets managed	$12,000,000,000
Tax-exempt assets managed:	
Total	$2,000,000,000
Fully discretionary	$2,000,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	100
Types of accounts managed	CEFG
No. of portfolio managers	15
Size of research staff	12

Wilmington Trust Co. offers equity and fixed-income capabilities.

Its equity approach is focused on companies with high or improving return on equity and low price-to-book relationship. Graham & Dodd analysis is used.

In fixed-income management, it uses a mathematical investment process to react to and participate in market trends. No interest rate forecasting is used.

The asset mix Jan. 1 was 50% stocks, 40% bonds and 10% cash.

Hagley Museum & Library, Iowa State University, Berwind and Fairfax County, Va. are among its clients.

Half its research originates inhouse; 100 stocks are followed closely and 200, generally. Options are used.

Bruce L. Marra, senior vice president, is the senior and chief investment officer. David W. Umbs, vice president, is the client contact.

Wilshire Associates

1200 Ocean Ave., Suite 700, Santa Monica, Calif. 90401; (213) 451-3051

Total assets managed	$1,531,000,000
Tax-exempt assets managed:	
Total	$1,531,000,000
Fully discretionary	$1,531,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	2
Types of accounts managed	G
No. of portfolio managers	1
Size of research staff	1

Wilshire Associates uses flexible index techniques to give pure equity market returns that can be supplemented by options and stock index futures at minimal cost.

All assets were in stocks Jan. 1.

The firm netted $25 million in new tax-exempt business for 1984; one tax-exempt client was added.

The Minnesota state board and and District of Columbia board are its tax-exempt clients. All research originates in-house.

Wayne H. Wagner, chief investment officer, is the client contact.

The firm manages a pooled fund for Boston Safe Deposit & Trust Co. and co-manages with BEA Associates a passive investment enhancement strategy to supplement index fund returns with options and futures.

Wilson Foster & Co. Inc.

4987 Olivas Park Drive, Suite 100, Ventura, Calif. 93001; (805) 644-8207

Total assets managed	$58,000,000
Tax-exempt assets managed:	
Total	$51,000,000
Fully discretionary	$51,000,000
Minimum separate account	$100,000
Tax-exempt clients	36
Types of accounts managed	CEFJ
No. of portfolio managers	2
Size of research staff	2

Wilson Foster & Co. Inc., an equity manager, uses a contrarian bottom-up value approach with technical screening keyed to the anticipated attraction of the financial markets.

The firm uses government bonds only, with maturities based on perceived risk-reward between the debt-equity market.

The asset mix Jan. 1 was 80% stocks, 10% bonds and 10% cash.

The firm had a net loss of $2.9 million in tax-exempt business last year; it added five tax-exempt clients.

Research is 80% internally generated; 150 stocks are followed closely and 500, generally.

Harvey F. Wilson, president, is the chief investment officer. Robert C. McIver, senior vice president, is the client contact.

Winchester Capital Management Co.

1 Federal St., 27th Floor, Boston, Mass. 02110; (617) 482-3001

Total assets managed	$220,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$150,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	58
Types of accounts managed	CFG
No. of portfolio managers	5

Winchester Capital Management Co. takes an industry approach to equity investments using a fundamental group of relative valuations and asset allocation. Sector rotation and market timing are key to its approach.

The equity manager uses interest rate anticipation for fixed income.

The asset mix Jan. 1 was 70% stocks, 20% bonds and 10% cash.

The firm netted $30 million in new tax-exempt business for 1984.

American Hoechst, Coats & Clark, Gulf Oil and GTE are among its tax-exempt clients.

Eighty percent of research is generated internally; 75 stocks are followed closely and 150, generally.

Sidney R. Stern, executive vice president, is the chief investment officer. Larry C. Grubaugh, president, is the client contact.

Winrich Capital Management

23702 Birtcher Drive, Lake Forest, Calif. 92630; (714) 380-0200

Total assets managed	$148,000,000
Tax-exempt assets managed:	
Total	$87,000,000
Fully discretionary	$87,000,000
Minimum separate account	$500,000
Tax-exempt clients	62
Types of accounts managed	CFJ
No. of portfolio managers	4
Size of research staff	2

Winrich Capital Management Inc., a balanced manager, uses Graham & Dodd analysis and focuses on low absolute and relative P/E ratios, strong financial statements, lower than average debt, high cash positions, high return on assets and equity, and undervalued assets in its equity approach.

Its fundamental fixed-income strategy stresses a comprehensive understanding of the economic and interest rate cycles. Close attention is also given to economic liquidity, inflation and the yield curve.

The asset mix Jan. 1 was 37.6% stocks, 42% bonds, 20.3% cash and 0.1% other investments.

The firm had a net gain of $5.1 million in tax-exempt business last year; 15 tax-exempt clients were added.

Among its tax-exempt clients are Angelus Sanitary Can Machine, Carl Karcher Enterprises, Centinela Hospital Medical Center and Presbyterian Hospital Medical Center.

As much as three-fourths of the research is generated internally; 50 stocks are followed closely and 250, generally. Options are used.

Darrell J. Winrich, president and chairman, is the chief investment officer. Roger B. Palley, executive vice president, is the client contact.

William D. Witter Inc.

153 E. 53rd St., New York, N.Y. 10022; (212) 753-7878

Total assets managed	$389,000,000
Tax-exempt assets managed:	
Total	$286,000,000
Fully discretionary	$286,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	39
Types of accounts managed	CEFG
No. of portfolio managers	3
Size of research staff	3

William D. Witter's investment philosophy emphasizes value. The equity manager's emerging growth with P/E discipline approach finds greater relative returns from medium-sized high-quality growth companies with sound balance sheets.

The asset mix Jan. 1 was 78.1% stocks and 21.9% cash.

The firm had a net loss of $18 million in tax-exempt business last year; it added four clients.

Syntex, University of Southern California, Pratt Institute and the W. Alton Jones Foundation are among its tax-exempt clients.

Research is 40% internally generated; 110 stocks are followed closely and 150, generally.

William D. Witter is the client contact.

Dean Witter Reynolds Inc. InterCapital Division

1 World Trade Center, 59th Floor, New York, N.Y. 10048; (212) 938-4583

Total assets managed	$12,956,000,000
Tax-exempt assets managed:	
Total	$748,000,000
Fully discretionary	$748,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	25
Types of accounts managed	CEFGJ
No. of portfolio managers	9
Size of research staff	5

Dean Witter Reynolds Inc. InterCapital Division is a sector-oriented equity manager using industry valuation, which places primary emphasis on identifying undervalued industries, rather than individual companies, to maximize capital appreciation.

It offers management of high-yield debt securities. Bonds rated Ba or lower are used and, based on credit analysis, are expected to have their ratings upgraded.

The asset mix Jan. 1 was 85% stocks, 5% bonds and 10% cash.

Clients include Fort Howard Paper, Owens-Illinois, GTE and U S WEST.

Research is 10% internally generated; 200 stocks are followed closely and 500, generally.

Jack W. VanderVliet, executive vice president, is the chief investment officer. William R. Pacula, vice president-client services, is the client contact.

The firm is a division of Dean Witter Reynolds Inc.

Wolf, Webb, Burk & Campbell Inc.

1100 Avenue of the Arts Bldg., Philadelphia, Pa. 19107; (215) 735-5910

Total assets managed	$220,000,000
Tax-exempt assets managed:	
Total	$220,000,000
Fully discretionary	$220,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	25
Types of accounts managed	CEFGJ
No. of portfolio managers	4

Wolf, Webb, Burk & Campbell, handles equity, fixed-income and balanced accounts.

For equity investments, it follows a growth-stock, value-oriented and market-timing approach.

The firm's fixed-income strategy is keyed to interest rate anticipation, market timing and, to a lesser degree, sector swapping.

Of the $70 million net gain in new tax-exempt business for 1984, $55 million was in fixed income and $15 million in equities.

The mix of the tax-exempt assets as of Jan. 1 was 50% bonds, 40% stocks and 10% cash.

Five tax-exempt clients were added in 1984. BIC, Peoples' Energy, Skidmore College and City of Wichita, Kan., are among the firm's 25 tax-exempt clients.

The firm generates 75% of its research internally, following 150 stocks closely and 1,000 generally.

Jerry Wolf, president, is the chief investment officer; Bill Campbell, vice president, is the client contact.

M.K. Wong & Associates Ltd.

Suite 2520, 1066 W. Hastings St., Vancouver, British Columbia V6E 3X2; (604) 669-4555

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$1,420,000,000
Fully discretionary	$1,420,000,000
U.S. assets managed	$200,000,000
International assets managed	$100,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	58
Types of accounts managed	CEFU
No. of portfolio managers	5
Size of research staff	1

M.K. Wong & Associates Ltd., a Canadian balanced manager, seeks to identify broad economic trends and buy those industries and stocks it believes will capitalize on those trends.

For fixed income, the firm's main focus is the determination of the appropriate asset mix — equities and debt. It uses interest rate anticipation to accentuate liquidity with maximum yield.

The asset mix Jan. 1 was 23% Canadian stocks, 60% bonds, 10% cash and 7% U.S. stocks.

Ten percent of research is generated internally; 50 stocks are followed closely and 100, generally.

Eight clients are pension funds of subsidiaries of U.S. firms.

Milton K. Wong, president, is the chief investment officer; Wayne Deans is the client contact.

Wood, Struthers & Winthrop Management Corp.

140 Broadway, New York, N.Y. 10005; (212) 902-4463, (800) 221-2832

Total assets managed	$1,200,000,000
Tax-exempt assets managed:	
Total	$400,000,000
Fully discretionary	$300,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	64
Types of accounts managed	CEFG
No. of portfolio managers	7
Size of research staff	2

Wood, Struthers & Winthrop Management Corp. is an equity and balanced manager. Security selection is guided by fundamental research, screened within the context of valuation techniques. Holdings are concentrated by industry sectors, emphasizing market leaders with an identifiable growth pattern for earnings.

Fixed-income management focuses on maturity risk to ensure preservation of capital and a real rate of return during an interest rate cycle. Fundamental research determines issue selection for investment.

The asset mix Jan. 1 was 60% to 65% stocks, 30% to 40% bonds and 0% to 5% cash.

The firm netted $30 million in new tax-exempt business for 1984; seven tax-exempt clients were added.

Among its tax-exempt clients are American Can, Episcopal Church Foundation, the Raleigh News & Observer and the Curtis Institute of Music.

One-fourth of research is generated internally; 75 stocks are followed closely and 200, generally. Options, stock index futures and fixed-income futures are used.

John R. Reese, president, is the chief investment officer. David Yearwood, vice president-marketing, is the client contact.

The firm is a wholly owned subsidiary of Donaldson, Lufkin & Jenrette, which in turn is a subsidiary of Equitable Life Assurance Society.

Wright Investors' Service

10 Middle St., Bridgeport, Conn. 06604; (203) 333-6666

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$1,800,000,000
Fully discretionary	$1,800,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	83
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	28

Wright Investors' Service handles equity, fixed-income and balanced accounts.

It offers three equity products: Quality Core, which follows a semi-passive approach; Defined Equity Management, active growth; and Junior Blue Chip, which seeks out smaller, well-established growth companies.

It provides dedicated bond portfolio service as well as active fixed-income management using interest rate forecasts.

The asset mix Jan. 1 was 73% stocks, 26% bonds and 1% cash.

All of its research originates inhouse; 300 stocks are followed closely and 1,800, generally.

Judith R. Corchard, senior vice president, is the chief investment officer. Albert L. Meric Jr., senior vice president, is the client contact.

Y

Yamaichi Capital Management

1 World Trade Center, Suite 5361, New York, N.Y. 10048; (212) 432-6640

Total assets managed	$2,184,000,000
Tax-exempt assets managed:	
Total	$84,000,000
Fully discretionary	$84,000,000
International assets managed	$32,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	11
Types of accounts managed	C
No. of portfolio managers	10
Size of research staff	75

Yamaichi Capital Management Inc., an equity and international manager, combines growth stock and market timing in its approach.

The asset mix Jan. 1 was 83% stocks, 3% bonds and 14% cash.

The firm had a net gain of $16 million in new tax-exempt business last year; it added one client.

United Airlines, IU International and Alcan are among its clients.

Research is 80% internally generated; 100 issues are followed closely and 300, generally.

Yamaichi International Capital Management, Tokyo, is the parent company.

Kiyotoshi Aiba, director and general manager of Yamaichi International, is the chief investment officer. Masatoshi Minami, president of Yamaichi Capital, is the client contact.

YMG Investment Counsel

Suite 1202, 10 King St. E., Toronto, Ontario M5C 1C3; (416) 364-3711

Total assets managed	$285,000,000
Tax-exempt assets managed:	
Total	$260,000,000
Fully discretionary	$260,000,000
U.S. assets managed	$75,000,000
International assets managed	$12,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	30
Types of accounts managed	CU
No. of portfolio managers	3

YMG Investment Counsel Inc., a Canadian firm, is an equity and fixed-

Managers by location

ALABAMA

Birmingham: AmSouth

ARIZONA

Phoenix: First Interstate Bank of Arizona, Gould Research, Valley National Bank of Arizona
Tucson: Kronwall Capital Management

ARKANSAS

Little Rock: First Commercial Trust, Meridian Management Co.

CALIFORNIA

Bellflower: Catanzarite Investment Advisors
Beverly Hills: Kenneth J. Gerbino & Co., Pacific Financial Research, Daniel H. Renberg & Associates Inc.
Corte Madera: Hanson Investment Management Co.
Danville: James T. Cambier Investment
Englewood: Cambier Investors Inc.
Glendale: Van Deventer & Hoch
Huntington Beach: D.A. Management Consultants
Irvine: Analytic Investment Management, Duval Management
Laguna Hills: Corporate Pension Funding Inc.
Lake Forest: Winrich Capital Management
Larkspur: Siebel Capital Management, Tukman Capital Management
Long Beach: Smathers & Co. Inc.
Los Angeles: Anahalt/O'Connell Inc., George D. Bjurman & Associates, Bradford Marzec, CMB Investment Counselors, Campbell Reed Conner & Birdwell Inc., Capital Guardian Trust Co., Capital Research and Management Co., Churchill Management Corp., Coldwell Banker Capital Management, Cramblit & Carney Inc., Crocker National Bank, First Pacific Advisors Inc., First Wilshire Securities Management, Froley Revy Investment Co., Hotchkis and Wiley, The Karsten Companies, Leland O'Brien Rubinstein Associates Inc., NWQ Investment Management, RNC Capital Management Company, Studder Realty Advisors Inc., Security Pacific Investment Managers, Summit Management Co. Inc., TCW Realty Advisors, TSA (Trust Services of America), Transamerica Investment Services, Trust Company of the West, Western Asset Management
Marina del Rey: Wells Fargo Realty Advisors
Menlo Park: Leylegian Investment Management
Newport Beach: Argus Investment Management, Hoppe Asset Management Inc., North West Quadrant, PMRealty Advisors, Pacific Investment Management Co., Pacific Mutual Life Insurance Co.
Oakland: Equitec Institutional Realty Advisors, Jurika & Voyles Inc.
Palo Alto: Rea Nelson & Staight Inc.
Pasadena: Clifford Associates Inc., PRIMECAP Management Co., Provident Investment Counsel, The Alan G. Seidner Co.
Redwood City: Burgess Capital Corp.
Sacramento: F.I.A. Associates
San Diego: Clutinger Williams & Verhoye Inc., Meridian Capital Management Ltd., Nicholas-Applegate Capital Management, The Pacific Century Group, Rice Hall James & Associates
San Francisco: AMB Investments, BA Investment Management Corp., Bank of California, Berry Harteil & Evers, Robert C. Brown & Co., Capital Counseling Service, Crocker Investment Management Corp., Crocker Real Estate Investment Group, Dodge & Cox, European-American Securities Inc., G.T. Capital Management Inc., Hambrecht & Quist Equity Management, Kingsley Jennison McNulty & Morse Inc., McCullough Andrews & Cappiello Inc., McMorgan & Co., Mellon Capital Management Corp., Newport Pacific Management, Options Research Inc., Pacific Asset Management, Pacific Realty Advisors, The RREEF Funds, T.W. Richardson & Co., Rosenberg Capital Management, George B. Springman, Stanfill Paulson Co., Sutro Capital Management, Wells Fargo Investment Advisors, Wentworth Hauser & Violich Inc.
San Mateo: Ballard Biehl & Kaiser Inc., Franklin Asset Management Systems, The Robert A. McNeil Corp.
Santa Barbara: Investors Research Co., STW Fixed Income Management, SABL Associates, Wilshire Associates
Sherman Oaks: Am Cal Co.
Stockton: Tamarack Investment Counsel Inc.
Ventura: Wilson Foster & Co.
Woodland Hills: MH & Associates, Securities Management Corp., Wm. Mason & Co. Inc.

COLORADO

Colorado Springs: J.H. Ayres & Co., Ramsey & Ellsworth
Denver: Alexander Scriver & Associates, Alphaquest Asset Management, Alpine Capital Management Corporation, Colorado National Bank, Denver Investment Advisors, Great-West Life Assurance Co., Janus Capital Corp., R.M. Leary & Co., Nelson Benson & Zellmer, Newhard Cook Advisory Services Inc., Rocky Mountain Investors, Stephenson and Co., United Capital Management
Englewood: Financial Trust Co.

CONNECTICUT

Avon: Leonard Management Group, Tower Capital Management
Bloomfield: Hayden Associates
Bridgeport: Citytrust, Wright Investors' Service
Fairfield: E.M.G. Advisors, Guild Investment Management Inc.
Glastonbury: AgriVest
Greenwich: Chenwick Gillespie & Co., Gintel Equity Management, Thorson Brown & Plunkett
Hartford: Aetna Life and Casualty Co., Aetna Montagu Asset Management, CIGNA, Connecticut Bank & Trust, Connecticut Mutual Life Insurance Co., Connecticut National Bank, Phoenix Mutual Life Insurance Co., The Travelers Companies, United Bank & Trust Co.
New Haven: Union Trust Co.
Southport: Dawson-Henry Capital Management Inc.
Stamford: Cooper Beach Capital Service, Target Investors
Westport: T.J. Holt & Co., Management Asset Corp.
Windsor: Hartford Life Companies

DISTRICT OF COLUMBIA

Washington: ASB Capital Management, Ferris Investment Advisory, Folger Nolan Fleming Douglas Inc., Victor Palmieri and Co. Inc., Potomac Asset Management, Riggs National Bank of Washington, D.C., The Union Labor Life Insurance Co.

DELAWARE

Wilmington: Bank of Delaware, DP Asset Management Inc., Waycross Investment Management, Wilmington Trust Co.

FLORIDA

Coral Gables: The Nicholson Group
Fort Myers: William A. Inskeep & Co.
Fort Lauderdale: Consensus of Insiders, Maritime Asset Management
Miami: City National Bank of Miami, Ganz Associates, United Trust Fund
Orlando: Investment Counsel Co. Realty Advisors, Sun Banks Inc.
Palm Beach: Palm Beach Capital Management
Pompano Beach: Midlantic National Bank & Trust Co.
South Miami: Thomas J. Herzfeld Advisors
St. Petersburg: Eagle Asset Management, Landmark Union Trust Bank
Tampa: Eickoff & Pieper
Tequesta: Dawes Investment Service Inc.
Venice: Dale K. Ehrhart Inc.

GEORGIA

Atlanta: Allen & Associates Investment Management, Astrop Advisory Corp., Atlanta Capital Management Co., Citizens & Southern Investment Counseling, Crawford Investment Counsel, Davis Weaver & Medel, Farmer & Lang Inc., First Equities Institutional Properties, First National Bank of Atlanta, INVESCO Capital Management Inc., Leavy Investment Management, Lesesne & Co., Life Insurance Co. of Georgia, Montag & Caldwell, Professional Asset Management, Reiser-Builder Inc., Trusco Capital Management Inc., Wagner Southern Forest Investments, Wall Patterson McGrew & Hamilton Inc.
Gainesville: First National Bank of Gainesville

HAWAII

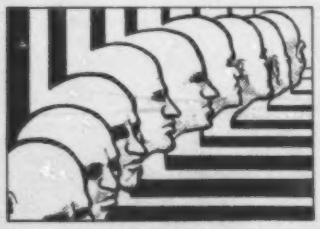
Honolulu: Cadilhna & Co.

IDAHO

Boise: First Security Bank of Idaho, Idaho First National Bank

ILLINOIS

Bloomington: IAA Trust Co.



income manager and a money market specialist.

In equities, optimization techniques are used to develop index funds that can be "tilted" to emphasize stocks with specific historic characteristics. Additionally, "portfolio insurance" can be overlaid on these funds.

The fixed-income approach also is passive. Management techniques depend on the risk preference of the sponsor, ranging from dedication using stripped coupons through contingent immunization, to active management using return optimization techniques over various interest rate scenarios.

The asset mix Jan. 1 was 10% Canadian stocks, 30% bonds and 60% cash.

Eric A.T. Innes, president, is chief investment officer and client contact.

Z

Zavanelli Portfolio Research
729 S. Prospect, Park Ridge, Ill. 60068; (312) 823-6718

Total assets managed	$10,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Fully discretionary	$8,000,000
Minimum separate account	$100,000
Tax-exempt clients	13
Types of accounts managed	CF
No. of portfolio managers	2
Size of research staff	2

Equity manager Zavanelli Portfolio Research uses operations research techniques, game theory and theories of investor behavior to maximize return and minimize risk. Quantitative analysis is used.

The tax-exempt asset mix Jan. 1 was 80% stocks and 20% cash.

Zavanelli Portfolio Research had a net gain of $5 million in tax-exempt business last year; it added two tax-exempt clients.

Among its tax-exempt clients are Frankel Furniture and Aluminum Design.

The firm follows 60 stocks closely and 5,000, generally. Options are used.

Max Zavanelli, president, is the chief investment officer. Jim Gaylord, account administrator, is the client contact.

By location . . .

Chicago: American National Bank & Trust Co. of Chicago, Ariel Capital Management, Capital Supervisors Inc., The Chicago Corp., Chicago Title and Trust Co., Commodity Management Service Corp., Continental Assurance Co., Continental Illinois Corp., Dimensional Fund Advisors, Duff & Phelps Investment Management, First Chicago Investment Advisors, Gofen and Glossberg, The Griffin Group, Hahn Holland & Grossman, Harris Associates, Harris Trust and Savings Bank, Heitman Advisory Corp., Institutional Capital Corp., JMB Institutional Realty Corp., A.M. Kalling & Associates, Ltd., Kanne Paris Hoban, Keeley Asset Management Corp., Kemper Financial Services, Kemper-Murray Johnstone International, LaSalle Advisors, Lincoln Capital Management Co., Lotsoff Capital Management, The Northern Trust Co., Penmark Investments Inc., Rothschild Securities Corp., Stein Roe & Farnham, The Illinois Co., Investment Management, Trees Trust and Investment Counsel, Treynor-Arbit Associates
Decatur: Millikin National Bank of Decatur
Evanston: Disciplined Investment Advisors
Elmhurst: RW Grayhill Ltd.
Moline: Moline National Bank
Oak Brook: American Agricultural Investment Management, Noddings-Calamos Asset Management
Olympia Fields: Kreger Capital Management
Park Ridge: Zavanelli Portfolio Research
Rolling Meadows: Investment and Capital Management, Investors Research Corp., David E. Ware & Associates Inc.
Springfield: Marine Investment Management Co.

INDIANA

Columbus: Kirr Marbach & Co., Reams Asset Management Co.
Fort Wayne: Lincoln National
Gary: Gainer Bank
Indianapolis: American Fletcher National Bank, Baxter & Hoops Inc., Heartland Capital Management, Indiana Investment Advisors, Merchants Investment Counseling Inc., Unified Management Corp.
Muncie: Merchants National Bank of Muncie

IOWA

Cedar Rapids: The Chapman Co., Life Investors Management Corp., Merchants National Bank, Securities Counselors of Iowa
Des Moines: The Bankers Life, Value Investors
Sioux City: Security National Bank

KANSAS

Hutchinson: Hutchinson National Bank and Trust Co.
Lawrence: Santaularia & Associates Ltd.
Overland Park: North American Capital Management
Shawnee Mission: Reimer & Koger Inc.
Wichita: Investment Management Group

KENTUCKY

Lexington: First Security Natl. Bank & Trust Co.
Louisville: Citizens Fidelity Bank & Trust Co., First Kentucky Co., Liberty National Bank of Louisville, Mid America Bank of Louisville, PRIMCO Capital Management Inc., Stock Yards Bank & Trust Co., Todd Investment Advisors

LOUISIANA

Lake Charles: Calcasieu Marine National Bank
New Orleans: First NBC, Hibernia National Bank
Shreveport: First National Bank of Shreveport

MAINE

Augusta: Key Bank of Central Maine

MASSACHUSETTS

Boston: Aldrich Eastman & Waltch, David L. Babson & Co., Baring International Investment Ltd., Batterymarch Financial Management, Beacon Asset Management Inc., The Boston Co., Boston Financial Real Estate Advisors, Bounty Management Corp., Breau Capital Management, Capitol Bank and Trust Co., Copley Real Estate Advisors, Dewey Square Investors, Eaton Vance Management, Endowment Management & Research Corp., Excalibur Management Corp., Fidelity Intl. Investment Advisors, Fidelity Management Trust Co., Fort Hill Investors Management Corp., Franklin Management/Franklin R&D Corp., Franklin Portfolio Associates, Frontier Capital Management Co., Gannett Welsh Ives & Kotler Inc., Gardner and Preston Moss Inc., Hagler Mastrovita & Hewitt Inc., The John Hancock Companies, Harbor Capital Management Co., Independence Investment Associates Inc., Loomis Sayles & Co., MassCo Investment Management Corp., Massachusetts Financial Services, Moseley Capital Management, Mount Auburn Management, New England Mutual Life Insurance Co., Peckham Boston Co., Pioneering Management Corp., Property Capital Advisors, The Putnam Advisory Co. Inc., Rampart Investment Management, Rollert & Sullivan, Ruggles & Crysdale Associates Inc., Shawmut Banks, The Spangler Group, Standish Ayer & Wood Inc., State Street Bank & Trust Co., State Street Research, Systematic Investors Inc., Trinity Investment Management Corp., Trustee & Investors Co., United Investment Counsel Inc., United States Trust Co., Wellington Mgmt./Thorndike Doran P & L., Winchester Capital Management Co.
Burlington: BayBank Middlesex
Cambridge: Merganser Capital Management Corp.
Hingham: Delta Financial Management
Marblehead: ValueQuest Ltd.
Needham: David W. Cook & Co.
Springfield: Massachusetts Mutual Life Insurance Co., D.J. St. Germain Co.
Wellesley: Fiske Capital Management

MARYLAND

Baltimore: Adams Express Co., Alex Brown Investment Management, D.F. Dent & Co., Equitable Bank, Investment Counselors of Maryland Inc., Johnson Valliant & Broadfoot Inc., Legg Mason Capital Management, Maryland National Bank, Mercantile-Safe Deposit & Trust Co., Petroleum & Resources Corporation, T. Rowe Price Associates, T. Rowe Price-Fleming Intl. Inc., Redwood Capital Management, The Rothschild Co.
Bethesda: Growth Stock Outlook, Torray Clark & Co.

MICHIGAN

Grand Rapids: Burnham & Co.
Ann Arbor: NBD Ann Arbor
Birmingham: Investors Management Services
Bloomfield Hills: Acquest Capital Management, Michigan National Investment Corp.
Detroit: Comerica Bank, Manufacturers National Bank of Detroit, Mortgage Investors Advisory Group, Inc., National Bank of Detroit
Grand Rapids: Old Kent Bank and Trust Co.
Kalamazoo: American Natl. Bank & Trust Co. of Michigan, First of America Bank Corp., First of America Investment Management
Southfield: Pension Portfolio Advisors, RAC Advisors Inc.

MINNESOTA

Minneapolis: C.H. Brown Co., Dain Corp., First Asset Management, IDA Advisory Group, IDS Growth Spectrum Advisors, IDS/Gartmore Intl., Investment Advisors Inc., Jundt/Capen Associates Inc., Kiene Wooters & Assoc. Inc., Marquette Capital Management Corp., Northwest Life Insurance Co., Norwest Capital Management & Trust, Peregrine Capital Management, Regan Money Managers, St. Paul Advisers, Sit Investment Assoc.
St. Paul: American National Bank, First Trust Co. of St. Paul, Mutual Service Life Insurance Co.
Wayzata: Perkins Capital Management Inc.

MISSOURI

Clayton: Commerce Bank of St. Louis County
Kansas City: Boatmen's 1st Natl. Bank of Kansas City, Commerce Bank of Kansas City, United Missouri Investment Counsel Service, Waddell & Reed Asset Management Co.
St. Louis: Anderson Hoagland & Co., The Boatmen's National Bank, Centerre Trust Co. of St. Louis, General American Life Insurance Co., Mercantile Trust Co., Trendstat Capital Management

MONTANA

Great Falls: Financial Aims Corp.

NORTH CAROLINA

Charlotte: Capital Technology, First Union/Capital Management Group, Interstate Asset Management, NCNB National Bank, Portfolio Capital Management, Sterling Capital Management Co., Wedge Capital Management Inc.
Greensboro: McMillion/Eubanks Capital Management
Winston-Salam: Wachovia Bank & Trust Co.

NEW HAMPSHIRE

Concord: Bank of New Hampshire
Manchester: Amoskeag National Bank & Trust Co.

NEW JERSEY

Chatham: Disciplined Portfolio Management, Ivory & Sime International, Jamison Eaton & Wood
Edison: Midlantic National Bank
Fort Lee: Pilgrim Management Corp., Systematic Financial Management
Hackensack: Townsend Asset Management Co. Inc., United Jersey Bank
Island Heights: James Punderson & Co.
Jersey City: W.H. Reaves & Co.
Livingston: Kurtz Capital Management
Morristown: Warlick & Baker
Newark: First Fidelity Bank, First Jersey National Bank, Mutual Benefit Life, PCM, Prudential Asset Management
Nutley: Centurian Capital Management Co.
Paramus: Donald Smith & Co. Inc., Trident Investment Management
Ridgewood: Degnan & Gillespie Fixed-Income Management, Murphy Capital Management
Saddle Brook: Lexington Management Corp.
Somerville: Somerset Trust Co.
Teaneck: Trascott Alyson Craig Inc.
Trenton: New Jersey National Bank
Vineland: Cumberland Advisors Pty.
Westfield: Lipper Analytical Services Inc.

NEW YORK

Albany: Key Trust Co., Michael B. O'Higgins & Co.
Boston: Hellman Jordon Management Co.
Buffalo: Robshaw & Cheskin Associates
Garden City: William J. Kautz Associates
Hamilton: Schupf Woltman & Co. Inc.
Lake Success: Unity Management
New York: ABD International Management Corp., ACP Advisors, Abner Herrman & Brock Inc., Fred Alger Management, Alliance Capital Management Corp., Amalgamated Bank of New York, Amalgamated Life Insurance Co., American Capital Management, American Express Asset Management, American Fund Advisors Inc., Amev Asset Management, Amivest Corp., Applied Portfolio, Argus Investors Counsel, Armour Douglas Capital Management, Ashland Management Inc., Atalanta Capital Corp., Atalanta/Sosnoff Capital Corp., Avatar Associates, BEA Associates, BMI Capital Corp., Julius Baer Investment Management, Balch Hardy & Scheinman, The Bank of New York, The Bank of Tokyo Trust Co., Bankers Trust-Investment Management Group, Bayrock Advisors, Bear Stearns Asset Management, Berg Capital Corp., Sanford C. Bernstein & Co., Bernstein-Macaulay, Bessemer Trust, Stacey Braun Associates Inc., John W. Bristol & Co., Brown Brothers Harriman & Co., Brundage Story & Rose Investment Counsel, CB International Investments Ltd., William Campbell & Co., Campbell Advisors Inc., Capital Management International, Carret & Co., Cedarpoint Capital Management, Chase Investors Management, Chemical Bank-Capital Markets, Citicorp Investment Management, Cole Yeager & Wood, Computime Institutional Services, Corporate Property Investors, Cowen Asset Management, Daiwa International Capital Management, DanBell Capital Management Inc., Dean Witter Reynolds Inc.-Intercap Div., Debenham Tewson & Chinnocks, Delafield Asset Management Inc., Dietche & Field Advisors, Dillon Reed Capital, Discount Corp. of New York Advisors, Douglas Noyes & Co., Dreman & Embry Inc., Dreyfus Management Inc., Eastdil Realty, Richard Ellis Inc., Equitable Investment Management Corp., Equitable Life Assurance Society of US, Equitable Real Estate Investment Management, Estabrook Capital Management Inc., Favia Hill & Associates, Florence Fearrington, Fiduciary Counsel, Fiduciary Trust Co. of New York, First Boston Asset Management Corp., First Investors Asset Management Co., First Investors Equity Management Co., First Manhattan Capital Management, Fisher Francis Trees & Watts Inc., Foreign and Colonial Asset Management, Forstmann-Leff Associates, Furman Selz Capital Management, GAMCO Investors Inc., Garrison Keogh & Co., General American Investors Co., GeoCapital Corp., Glickenhaus & Co., Globe Finlay, Charles W. Gould, Grace Capital Inc., Gray Seifert & Co., David J. Greene and Co., Greenspan O'Neil Associates, T.M. Griffing Associates, Harris Greenhouse Kutzel, Haven Capital Management, Hodges Capital Management, Home Life Insurance Co., Hutton Capital Management, Inverness Counsel, Irving Trust Co., J.P. Morgan Investment Management Inc., Jennison Associates Capital Corp., Jones Lang Wooton Realty Advisors, Kahn Brothers & Co., Kangyo Kakumaru Capital Management, Kent Associates Inc., Kleinwort Benson International Investment Ltd., Laidlaw Capital Management, Landauer Advisors Inc., C.J. Lawrence Management, Lazard Freres Assets Management, Lehman Management Co., Liberty Capital Management, Loeb Partners Realty, Lord Abbett & Co., Lynch & Mayer Inc., MONY, MPT Associates, MacKay-Shields Financial Corp., Magten Asset Management, Manufacturers Hanover Investment Corp., Marine Midland Bank, Markston International Inc., McCowan Associates, Mellon Real Estate Investment Management, E.A. Merkle & Associates, Merrill Lynch Asset Management Inc., Metropolitan Life Insurance Co., Milbank Tanaka & Associates, Mitchell Hutchins Asset Management, Moran Moore Grossman &

By location . . .

deRose, Morgan Stanley Asset Management, Mutual of America Life Insurance Co., NSR Asset Management, New Japan Capital Management, New York Life Insurance Co., Neuberger & Berman, Nikko-Charterhouse J. Rothschild, Nomura Capital Management, Oakwood Counselors Inc., Oppenheimer Capital Corporation, The Options Group, Paribas Asset Management Inc., Parmelee Management Corp., M. Pescatello & Co., Prescott Asset Management, Prudential Bache Investment Management Advisors Service, Quest Advisory Corp., RPI Institutional Services Inc., Reich & Tang Inc., Republic National Bank of NY, Research Associates Management Corp., Retirement System for Savings Institutions, Roanoke Asset Management, Rothschild Asset Management, L.F. Rothschild Asset Management, Ruane Cunniff & Co., SBC Portfolio Management International, M.D. Sass Investors Services Inc., Saybrook Capital, Schafer Capital Management, A.R. Schmeidler & Co., Schroder Capital Management, Schroeder Real Estate Associates, Scudder Stevens & Clark, Security Capital Real Estate Corp., J.&W. Seligman & Co., Shearson Asset Management Inc., Smith Affiliated Capital Corp., Smith Barney Harris Upham & Co., Soloman Asset Management Inc., Somerset Capital Management Inc., Steinhardt Partners/Instl. Partners, Stuyvesant Capital Management, Sullivan Morrissey & Mickle, Swiss American Asset Management International, Tallasi Management Co., Technological Investors Management, Tel Advisors Inc., Thomson McKinnon Asset Management Inc., Townley Capital Management, Trainer Wertham & Co. Inc., Trevor Stewart Burton & Jacobson, United States Trust Co. of New York, Value Line Asset Management, Van Cleef Jordan & Wood, Van Eck Associates Corp., Verus Capital, Warburg Pincus Counsellors Inc., Ward & Wissner Capital Management Inc., Wardley Marine International Investment Management, Webster Management Corp., Weiss Peck & Greer, Wertheim Asset Management Services, Wertheim-Philippe International, Westwood Management Corp., William D. Witter, Wood Struthers & Winthrop Management, Yamaichi Capital Management Inc.

Rochester: Fielding Management Co., Howe and Rusling, Manning & Napier Advisors, Norvest, QCI (Qualified Counseling Inc.), Security Norstar Bank
Tarrytown: E.W. Axe & Co.
White Plains: Shields Asset Management Inc.

NEBRASKA

Lincoln: Commerce Investment Management, First National Lincoln, National Bank of Commerce
Omaha: Kirkpatrick Pettis Smith Polian Inc., United of Omaha Life Insurance Co.

NEVADA

Las Vegas: First Interstate Investment Advisors

OHIO

Alpha: James Investment Research
Canton: Beese Fulmer & Pincoe
Cincinnati: Bartlett & Co., C-S Capital Advisors, Capital Management Co., Fifth Third Bank, First National Bank of Cincinnati, Gateway Investment Advisors, Gradison & Co., Johnson Investment Counsel, Pacholder Associates Inc., Provident Bank-Trust Dept., Renaissance Investment Management Inc., Union Central Life Insurance Co.
Cleveland: AFA Financial, AmeriTrust Co., Central National Bank, Huntington National Bank, National City Bank, Society National Bank
Columbus: BancOhio National Bank Trust Group, The Ohio Co., Steele & Co. Ltd.
Dayton: Dean Investment Associates, Flagship Financial Inc., Parker Dillion Carlson & Johnson
Dublin: R. Meeder & Associates Inc.
Hamilton: Second National Bank of Hamilton, Ohio
Newark: Park National Bank
Shaker Heights: Multinational Investments
Toledo: SeaGate Capital Management, The Toledo Trust Co.

OKLAHOMA

Oklahoma City: First Investment Management, Tom Johnson Investment Management Inc., Ming & Associates
Tulsa: Bank of Oklahoma, Capital Advisors Inc., First National Bank & Trust Co. of Tulsa

OREGON

Eugene: Thomas D. Kielen Corp.
Lake Oswego: Morley Capital Management
Medford: Cutler & Co.
Portland: P.E. Becker Inc., The Campbell Group, Columbia Management Co., FJW Financial Management, First Interstate Bank of Oregon, Oregon Bank, Qualivest Capital Management, Shaw Management Co., Thompson/Rubinstein Investment Management, Union Mutual Life Insurance Co.

PENNSYLVANIA

Allentown: Platner & Associates
Altoona: Mid-State Bank and Trust Co.
Bala Cynwyd: Miller Anderson & Sherrerd
Bethlehem: Union Bank & Trust Co. of Eastern PA
Bradfordwoods: Muhlenkamp & Co.
Bryn Mawr: Cabanne Smith Associates
Harrisburg: Dauphin Deposit Bank & Trust Co.
Jenkintown: D.J. Investment Advisors
King of Prussia: Geewax Terker & Co.
Lancaster: Capital Advisors Inc.
Philadelphia: Addison Capital Management, Aronson Fogler, CM&M Asset Management Co., Cooke & Bieler Inc., Dearden Maguire & Weaver, Delaware Investment Advisers, Drexel Burnham Lambert Investment Advisors, Fidelity Bank, First Pennsylvania Bank, Glenmede Trust Co., LB Real Estate, Minton/Newbold's Capital Management, Munsch Capital Management, Newbold's Asset Management, Philadelphia National Bank, The Philadelphia Saving Fund Society, Pilgrim Baxter Hoyt & Greig, Provident Capital Management Inc., Provident Mutual Life Insurance Co., Ritterhouse Financial Services Inc., Edward C. Rorer & Co., Simpson Capital Management, Wolf Webb Burk & Campbell
Pittsburgh: Federated Investment Counseling, Knowles & Hazlett Ltd., C.S. McKee & Co., Mellon Bank, Pittsburgh National Bank, Union National Bank of Pittsburgh
Reading: Connors Investor Services
Valley Forge: Meridian Asset Management Inc., The Vanguard Group Inc.
Wayne: Cashman Farrell and Associates, John M. Cunningham
Williamsport: NC Capital Management Group
Wyomissing: McGlinn Capital Management
Yardley: Evans & Moxon Capital Management

RHODE ISLAND

Providence: HT Investors Inc., Old Stone Trust Co.

SOUTH CAROLINA

Columbia: SCNS Advisory Corp.

TENNESSEE

Brentwood: Weaver C. Barksdale & Associates
Chattanooga: Provident National Assurance Co.
Memphis: Commerce Capital Management Inc., First Tennessee Investment Management, Southeastern Asset Management, Maury Wade & Co.
Nashville: JCB Asset Management, Lee Robinson & Steine Inc., Lingo Capital Management, Third National Bank

TEXAS

Austin: MPACT Securities Corp.
Dallas: Barrow Hanley Mewhinney & Strauss, First City Bank of Dallas-Trust Div., InterFirst Investment Management Inc., Lehndorff & Babson Real Estate Counsel, Julian A. Lerner & Associates, Lomas & Nettleton Advisory Group Inc., MSecurities Corp., John McStay Investment Counsel, RepublicBank Trust/Dallas, Western Reserve Capital Management
Fort Worth: InterFirst Bank of Fort Worth, Luther King Capital Management
Galveston: United States National Bank of Galveston
Houston: American Capital Advisors, Beutel Goodman Capital Management, Daniel Breen & Co., Criterion Investment Management, First City National Bank of Houston, Gulf Investment Management, Hoisington Investment Management Co., Investment Advisors, Jenswold King & Associates, L.J. Melody & Co., Pension Management Co., Fayez Sarofim & Co., Tenneco Asset Management, Texas Commerce Bank, Vaughan Nelson Scarborough & McConnell
Irving: Gerald L. Ray & Associates
San Antonio: Frost National Bank
Wichita Falls: Herbert R. Smith

UTAH

Park City: The Fields Investment Group
Salt Lake City: Security Funding Corp., Smoot Miller Cheney & Co., Wagstaff Lodefink & Associates, Wasatch Advisors

VIRGINIA

Charlottesville: Chase Investment Counsel Corp., John Stewart Darrell & Co.
Norfolk: Virginia Investment Counselors
Richmond: Bank of Virginia Trust Co., Capitoline Investment Services, Continental Investment Advisors, Davenport Asset Management, Lowe Brockenbrough Tierney & Tattersall, James River Capital Management Inc., Sovran Bank, Wheat Investment Advisors Inc.
Roanoke: Walter M. Dixon Jr. Inc., Dominion Trust Co.

VERMONT

Burlington: Fraser Management Associates
Montpelier: National Life Insurance Co.

WEST VIRGINIA

Charleston: Charleston National Bank

WASHINGTON

Issaquah: Ariston Capital Management
Seattle: Badgley & Phelps Inc., Composite Research & Management Co., First Interstate Bank of Washington, KAS Investment Consultants, Kennedy Associates Inc., Olympic Capital Management Inc., Peoples National Bank of Washington, Rainier National Bank, SAFECO Asset Management Co., Seafirst Bank, Seattle Trust & Savings Bank, Sirach Incorporated Investment Counsel
Spokane: Wakely & Roberton Inc.
Tacoma: Portfolio Timing Inc., Frank Russell Trust Co.

WISCONSIN

Brookhold: Dana Investment Advisors
Madison: First Wisconsin National Bank of Madison, Madison Investment Advisors Inc.
Milwaukee: CIMG Inc., Campbell Newman Pottinger and Associates, First Bank Milwaukee, First Wisconsin Trust Co., Loewi Asset Management Corp., M&I Investment Management Corp., National Investment Services of America, Ronald Sadoff Associates, Simmons Financial Management Inc., Strong/Corneliuson Capital Management
Stevens Point: Sentry Investment Management

BAHAMAS

Nassau: Templeton Group

BELGIUM

Brussels: BBL Capital Management Corp.

ENGLAND

London: CSFB Investment Management Ltd., Mellon-Pictet International Management Ltd., Morgan Grenfell Investment Services Ltd., N.M. Rothschild International Asset Management, Touche Remnant Pension Fund Management, Warburg Investment Management International Ltd.

SCOTLAND

Edinburgh: Martin Currie/Martin Currie Inc.

6 more directories scheduled for 1985

This directory of investment advisers is only one of several annual directories published by *Pensions & Investment Age.*

Others planned for the remainder of 1985 include master trust on May 27; international investment managers, June 24; cash management services, July 22; real estate advisers, Sept. 16; microcomputer products and services for investment managers, Oct. 14; and investment management consultants, Nov. 25.

In addition, *P&I Age* publishes an annual survey of the nation's 1,000 largest pension funds each January.

Special reports on middle market tax-exempt funds, cash managers, institutional brokerage, public pension funds and South Africa-related investments also are planned during the year.

Steelmakers cut unfunded liabilities

By Trudy Ring

Dedicated bond portfolios, changes in actuarial assumptions and decreases in employment have helped reduce steel companies' unfunded pension liabilities by billions of dollars.

Many steelmakers, hit hard by foreign competition and the recession of the early 1980s, long have had substantial unfunded liabilities.

For instance, Wheeling-Pittsburgh Steel Corp., Pittsburgh, might terminate pension plans with unfunded liabilities estimated at anywhere from $200 million to $350 million (*Pensions & Investment Age*, April 29).

Any attempt to terminate would be subject to the approval of a federal bankruptcy court. Wheeling-Pittsburgh has filed for protection from creditors under Chapter 11 of the federal bankruptcy code.

Other steelmakers appear to be in better shape. Most of them reduced their pension costs or their unfunded liabilities in 1984.

"They can do, and have done, two things" to reduce unfunded liabilities, said Richard McClow, a vice president and steel analyst with Duff & Phelps Inc., Chicago. "They've raised their actuarial assumptions for their rate of return on their funds and they've dedicated bond portfolios."

Peter Anker, managing director of First Boston Corp., added liabilities have gone down for some companies because employment in the steel industry has been halved in the past five years, and many of those laid off were not vested.

Most major steel companies' annual reports show plans that either have adequate funding or decreasing unfunded liabilities. Annual reports show funding status on a ter-

Continued on page 59

Late news

Pension dispute ends

NEWARK, N.J. — Fireman's Fund Insurance Co. agreed to pay $5.2 million to 1,600 participants in the pension plan of an insurance company it bought in 1964, ending a 10-year legal battle.

The dispute began after Fireman's Fund purchased American Insurance Co. of Newark. Fireman's Fund froze American's pen-

Continued on page 2

Pensions & Investment Age

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The newspaper of corporate and institutional investing • $3.50 an issue • $67 a year • May 13, 1985

AT&T fuels oil, gas allocation, sets 2% cap

By Fred Williams

NEW YORK — AT&T's pension fund will pump more money into oil and gas investments this year in preparation for putting up to 2% of its total pension fund into the oil patch by 1989.

American Telephone & Telegraph Co.'s planned commitment is "extremely significant" and "gutsy," institutional oil and gas experts remarked.

The AT&T pension fund, which currently has $21.5 billion in assets, is expected to have about $18 billion after additional assets are transferred to the seven "baby Bell" operating companies created in the divestiture of the giant telephone company. Even if the $18 billion fund doesn't get any larger, AT&T will have invested $360 million in oil and gas by 1989, making its commitment of dollars and as a percentage of total assets the largest of any pension fund.

After reviewing its pension fund investment portfolio late in 1984 and re-evaluating its involvement in oil and gas, AT&T pension executives remain committed to oil and gas as an investment alternative, said Tom Judge, AT&T division manager who oversees non-traditional investments.

"We did (review the oil and gas portfolio), and basically we came to the conclusion that we still like it as an investment within our fundamental plan we have put together for our assets. We're still committed to it," said Mr. Judge. "It's gone through a lot of bad press, but our feeling is that the (oil) industry is still a good investment as long as you can work with quality operators and structure a financial arrangement that is attractive to our pension fund and, of course, attractive to the operators."

"We know that prices have gone down. We don't expect they will stay down forever, and that at some point they will rebound. They may not in the next year or two, but they'll come back.

"We're not trying to make a killing in it. We're trying to be prudent in the way we invest in it and I suspect that this year we will probably put additional monies into it because that's the way we tend to go about things if we like an investment and we feel comfortable with it," he said.

Mr. Judge said last summer that AT&T would review its approximately $175 million oil and gas portfolio to determine how well it had performed and measured up against original expectations. (*Pensions & Investment Age*, Aug. 6).

Mr. Judge said then that the pension fund had no targeted percentage of assets allocated to oil and gas.

In the recent interview, he said the additional commitments would be made to its existing oil and gas managers, believed to be Chase Investors Management Corp., Boston Co. Energy Advisors and InterFirst Bank Dallas.

"We are putting more money in this year, but we don't look at the deals. We make a decision whether we are going to put money into oil and gas and if we do, we decide which manager or managers we are going to give it to," said Mr. Judge. "After that it's up to them to invest and to perform."

The target level of 2% of pension assets represents a significant new commitment to oil and gas, according to Arthur Dubow, president of The Boston Co. Energy Advisors Inc., Boston.

Continued on page 59

Small fund has broad approach

By Barry B. Burr

GOLDEN VALLEY, Minn. — Having only $15.1 million in pension assets hasn't stopped Graco Inc. from making investments in venture capital, international and real estate, which usually are the domain of much larger pension funds.

In fact, for a small fund, Graco has taken an uncommonly broad approach to its investments.

Its wide-ranging pension investment program, run by 10 managers, was devised by Graco, without the help of a consultant.

"That's a complicated arrangement for a small plan," remarked Rodger F. Smith, executive vice president, Greenwich Research Associates, Greenwich, Conn., a consultant without any ties to Graco.

Other pension funds its size, and many up to $100 million, typically have two to four managers, often banks or insurance companies, and have an asset mix balancing between domestic stocks and bonds, said Mr. Smith.

Although unfamilar with Graco, Mr. Smith suggests such diversity for a small fund might carry an expensive price in terms of management fees and the cost of monitoring the managers.

Roger L. King, Graco's vice pres-

Continued on page 54

Graco Inc.'s pension fund performance

Years	Cumulative return annualized	SEI ranking of pension fund	SEI ranking of managers equity/fixed*	
10 years (1975-84)	12.4%	42%	55%	91%
5 years (1980-84)	12.3	70	62	93
3 years (1982-84)	14.4	83	39	80
2 years (1983-84)	9.6	89	55	94
1 year (1984)	1.8	92	69	86
Performance without 1984 data				
10 years (1974-83)	9.0%	42%	64%	NA
5 years (1979-83)	14.9	34	53	86
3 years (1981-83)	13.5	55	45	88
2 years (1982-83)	21.3	34	28	77
1 year (1983)	17.9	30	40	88

*Shows how Graco's equity and fixed income managers' performances rank against SEI Corp.'s respective universe of equity and fixed managers.

NA not available

Source: Graco Inc.

Immunization strategy keys on convertibles

By Barry B. Burr

DETROIT — Burroughs Corp. set up an immunized bond portfolio made up solely of convertible bonds, described by industry experts as the first such use of convertibles for the fixed-income strategy.

The convertible immunization, put together by Harris Trust & Savings Bank, Chicago, is the second immunized bond portfolio the $600 million Burroughs pension fund set up in a month.

Last month, it assigned $50 million to First Chicago Investment Advisors to set up a conventional immunization, using pure bonds, largely government securities (*Pensions & Investment Age*, April 29).

In another move this month, Burroughs hired two special equity managers — Nicholas-Applegate Capital Management Inc., San Diego, and Pacific Financial Research, Beverly Hills, Calif. They received $10 million each and are the last of the money management changes Burroughs expects to make this year.

Burroughs gave Harris $25 million earlier this month for its convertible immunization strategy.

David A. White, Burroughs' director of trust investments, said the convertible immunization was the outgrowth of fixed-income ideas kicked around with Luke D. Knecht, a Harris vice president. Harris, Burroughs' master trustee, heretofore had managed only cash equivalents for the pension fund.

"I'm really excited about it," Mr. White said of the convertible immunization.

He expects the portfolio to have a minimum yield of around 10%. By contrast, he noted the First Chicago immunization yields 12.4%.

But he expects the convertible portfolio has the potential to yield 15% through active trading and price appreciation on undervalued convertible bonds.

Outside immunization experts received the report of the use of convertibles with surprise and gave the strategy a tepid response.

"It's costing you up front a good

Continued on page 59

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DC2001◆STATLR FMPJ M
STATISTICAL REFERENCE INDEX
◆520 EAST-WEST HWY SU 800
WASHINGTON DC 20014

Suit filed to halt union trustee plan

By Steve Hemmerick

SEATTLE — Thirteen trustees representing employers on the $5.5 billion Western Conference of Teamsters Pension Trust Fund are asking a federal court to prevent allegedly planned actions of the fund's 14 union trustees.

The suit, filed in U.S. District Court here, asked the union trustees be restrained from making what the employer trustees call "attempted changes in the plan and its administration."

Half of the trustees of the Taft-Hartley plan are appointed by employers and half by unions; one employer-appointed spot is vacant.

Owen L. Bennett, co-chairman of the board for the Western Conference of Teamsters and spokesman for the employers, said the union trustees are trying to expand the plan's unfunded liabilities and create a disincentive against employ-

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Pension operations change

4 report personnel shifts

By Barry B. Burr and Marci Baker

International Harvester Co., G.D. Searle & Co., Motorola Inc. and Levi Strauss & Co. have changed their pension investment personnel and, in some cases, their pension investment operations.

As part of cost-cutting measures, International Harvester, Chicago, merged the day-to-day management of its $1.2 billion pension fund with investor relations — a move that led to the departure of Ashok S. Shende, manager-pension planning.

Also, William H. Clarkin resigned as director of investments at Searle, Skokie, Ill., to take charge of the $900 million in employee benefit assets at Motorola in nearby Schaumburg.

At Levi Strauss, San Francisco, Keith Williams has replaced George F. Tucker at the helm of the company's $350 million pension and employee benefit fund.

At Harvester, James Lovett, manager-investor relations, now has assumed Mr. Shende's responsibility for overseeing the largely dedicated pension plan in addition to his investor relations responsibilities.

Mr. Shende, who left Harvester in February when his position was eliminated, will join Michael B. O'Higgins & Co., Albany, N.Y., as a partner and director of research.

Mr. Shende, who could not be reached for comment, spent 20 years at Harvester in various roles and held the pension post since 1981. In that job, he developed an internal data base for tracking some 100 money managers.

His decision to leave apparently stemmed from a desire to continue to put his quantitative skills to work in investment management, rather than move into a non-investment position at Harvester.

"He loves investing," said Michael B. O'Higgins, managing partner of Mr. Shende's new firm.

Added Mr. Lovett, "Mr. Shende's role at Harvester was one of active manager. He wanted to do modeling," which didn't mesh with the current direction of the company.

As director of research, Mr. Shende will do quantitative work, with a focus on investment product expansion, said Mr. O'Higgins.

The elimination of the pension function is part of Harvester's overall efforts to pare staff and contain costs following the company's brush with bankruptcy.

Ashok S. Shende

"Our goal is to live within our own means now," Mr. Lovett said. He added that through a number of measures, the company is hoping to shave 3% to 5% annually from its cost structure.

Also, Harvester began looking for areas to reduce staff after the sale of its farm equipment unit to a unit of Tenneco Inc., Houston, for $475 million in cash and stock.

Mr. Lovett said the pension function was a logical one to consolidate because most assets are

Continued on page 57

The 1982 crash of this Air Florida jetliner into the Potomac added to the carrier's financial troubles.

Air Florida argues plans not subject to PBGC oversight

By Joel Chernoff

Air Florida System Inc. officials say the company does not owe the Pension Benefit Guaranty Corp. a dime for its terminated pension plans because the plans never were qualified by the Internal Revenue Service.

What's more, if Air Florida wins its case, vested plan participants might lose their benefits or, under another scenario, the PBGC might get stuck picking up the entire tab.

In a novel argument, Miami-based Air Florida, which has been in voluntary bankruptcy proceedings since July 3, said its two plans failed to meet IRS conditions for tax-qualified plan status because the company never signed key plan amendments two years ago.

Without qualification, the company told the U.S. District Court for Southern Florida, the plans are not subject to the PBGC's oversight.

The PBGC contested this argument, claiming the plan amendments were only clarifications, and public policy dictates guaranteeing participants' benefits.

The agency claimed it is in the hole for more than $600,000 in guaranteed benefits for plans with total assets less than $26,000.

Both the PBGC and Air Florida declined to comment on the case.

The litigation illustrates a bizarre course of events in the short lives of the Air Florida plans.

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Late news

Continued from page 1

sion plan, and transferred the participants to Fireman's pension plan.

Litigation developed in 1975 when Fireman's Fund wanted to terminate the American plan. Plan participants sued, contending the surplus belonged to them.

Fund status hits rating

NEW YORK — Expressing concern in part about the West Virginia State Teachers' Retirement System's $1.2 billion unfunded pension liability, Standard & Poor's Corp. lowered its rating on the state's outstanding general obligation bonds to AA minus from AA plus. In addition, S&P gave an A minus rating to the state Water Development Authority's $45 million of bonds scheduled for sale. Previously, the authority's bonds were rated A plus.

S. Africa resolutions

Two public pension funds — in New York and Vermont — have taken action regarding investments in South Africa.

In New York, trustees of the $8.5 billion New York City Teachers' Retirement System passed a South Africa resolution based on the one adopted last August by a sister fund, the New York City Employees' Retirement System.

Under the resolution, which will affect only the $2.7 billion New York City Teachers' Variable Fund, the fund will support and sponsor shareholder resolutions aimed at changing the behavior of corporations doing business in South Africa. If that tactic fails, the fund will consider divestment.

In Burlington, Vt., the $17 million General Employees' Retirement Fund must divest itself of South Africa-related stocks, a City Council resolution states.

The fund now is prohibited from holding stocks in companies that have operations in South Africa or do business with companies having operations there. Also prohibited are stocks in financial institutions that lend money to South Africa.

Hearings scheduled

WASHINGTON — The House Telecommunications, Consumer Protection & Finance subcommittee will hold hearings on the role of institutional investors in corporate takeovers and how takeovers affect management decisions May 22-23.

Lawsuit filed

NEWARK, N.J. — A lawsuit filed in U.S. District Court alleges the Great Atlantic & Pacific Tea Co. pension plan was terminated illegally.

Defendants are the Internal Revenue Service and plan trustees.

After more than two years in court, A&P's pension plan was officially terminated last year. Under an out-of-court settlement, A&P collected a plan surplus of $275 million, while an additional $61 million went to existing retirees.

Alleging the settlement never considered the interests of thousands of laid-off employees, the new suit seeks to restrain A&P from distributing its surplus.

Late money movers

• NEW YORK — The $532 million Union Pacific Corp. pension fund reportedly has selected Copley Real Estate Advisors, Boston; Equitec Institutional Realty Advisors Inc., Oakland, Calif.; and LaSalle Advisors Inc., Chicago, as its first equity real estate managers.

• ORLANDO, Fla. — The city's $87 million consolidated retirement system has made its first equity real estate commitments, to First Chicago Investment Advisors' open-end fund and closed-end pools run by TCW Realty Advisors and JMB Institutional Realty Corp.

• SEATTLE — Burlington Northern Inc. has expanded its $500 million pension fund's allocation to equity real estate by increasing its stake in Equitable Real Estate Investment Management Co.'s Separate Account #8 to $20 million from $5 million and putting $10 million in Aetna Life Insurance Co.'s open-end fund.

• MINNEAPOLIS — Honeywell Inc., with more than $1.1 billion in pension assets, has hired First Chicago Investment Advisors to manage $30 million in international, non-dollar-denominated bonds, said Robert Mall, vice president-pension investments.

• MONTREAL — Alcan Aluminum Ltd.'s $175 million U.S. pension fund hired BEA Associates, New York, to run $30 million in U.S. equities, said Barry Newlove, Alcan investment analyst.

• DALLAS — The $385 million Dallas Employees' Retirement Fund hired three more real estate managers: Aetna Realty Investors Inc.; LaSalle Advisors Inc.; and Security Capital Real Estate Corp.

PIPER

The statistical data are extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

Equity funds find consistency pays

By Fred Williams

Commingled equity funds that stuck to their guns and followed a consistent investment policy during the first quarter of 1985 and for the 12 months ended March 31 were top performers in the most recent PIPER results.

MBank Fort Worth finished the quarter in the top spot, with a compound annual return of 16.2%. MBank also finished in the top decile for the one-, three-, five- and 10-year periods, Pensions & Investments' Performance Evaluation Report shows.

Frank P. Ganucheau III, vice president of MSecurities and senior vice president of MTrust Fort Worth, said the consistent high performance of the $5 million equity value fund is due to "patience and independent thinking" and sticking to a consistent philosophy.

Mr. Ganucheau, who manages the fund, said the investment approach is based on his refinement of a system of selecting low price-earnings stocks out of favor on Wall Street.

"The reason for the type of performance we have had is based on a confluence of events," he said.

"The seeds were actually laid a year to a year-and-a-half ago. A lot of the stocks we used were out of favor and have since come into favor during the first quarter with Wall Street."

He said some of the top performing stocks, many purchased up to two years ago, have been in consumer non-durables such as **Brown Forman Corp.**, **Gulf & Western**, **R.J. Reynolds** and **Nabisco**.

He said several oil company stocks were purchased for value, rather than for the takeover prospects. He mentioned **Gulf Oil Corp.** and **Mobil Corp.**

A "real winner" he said was paper manufacturer **P.H. Glatfelter** of Spring Grove, Pa.

He said most of the top performing stocks in the first quarter were sold early in the second quarter and the portfolio is now about 45% in cash while looking for new prospects.

Citizens Bank of Chillicothe, Mo., and Pioneer Bank, Chicago, tied for second place in the quarter, each with a 15.5% return. Associated First Neenah Bank, Neenah, Wis., and New York Life Insurance Co. Equity Fund No. 1 tied for third place with 14.3%.

The median fund in the PIPER universe had a time-weighted total compound annual return of 8.6% for the quarter; the Standard & Poor's 500 stock index returned 9.2%.

Citizens of Chillicothe reappeared at the top of the short-term PIPER results after several years' absence. The bank's commingled equity fund, which totals $9.7 million, also is in the top decile for 10 years, with a return of 19.6%.

In 1981, Pensions & Investment Age reported Citizens of Chillicothe's fund had been in the top 10% of the PIPER universe in each of the preceeding six years.

Ed Douglas, Citizens of Chillicothe president, said the fund still relies on the approach first implemented by Edgerton Welch, chairman, which is based on Value Line rankings cross-referenced against Merrill Lynch and E.F. Hutton stock recommendations.

Companies receiving a high rating from Value Line and Merrill Lynch are screened for purchase and checked against E.F. Hutton rankings, said Mr. Douglas. The system has been refined somewhat since its inception several years ago to include Merrill Lynch emerging growth stocks, he said.

Issues that did "particularly well" for Citizens Chillicothe were **Herman Miller Inc.**, **Prime Motor Inns**, **Family Dollar Stores Inc.** and **Kelly Services Inc.**

Mr. Douglas said the Value Line approach "makes us never fall in love with a stock and never lose our shirts on one. It forces us to get out in time. We pull the trigger

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Bond managers agree on outlook

By Rose Darby

NEW YORK — Divergent fixed-income strategies rewarded bank and insurance company commingled fund managers with leading positions in the Pensions & Investments' Performance Evaluation Report for the first quarter of 1985.

Despite the differences in approach, managers of top performing funds said they perceive the remainder of 1985 as an opportunity to lock in good returns through the purchase of long-term securities.

For the quarter ended March 31, Security Pacific National Bank, Los Angeles, had the top performing commingled fixed-income fund, with a time-weighted compound annual total return of 9.2%.

The median fund during the quarter had a 2.2% time-weighted annualized total return. Funds in the top quartile returned 2.5% or more, according to PIPER results.

The Shearson Lehman Brothers Government/Corporate Index had a 2.1% compound annualized return for the quarter.

Security Pacific's $20 million Fund V, the first-quarter champion, is managed by its wholly owned subsidiary, Pacific Century Group of San Diego, said James Caywood, managing director of fixed income and the fund's portfolio manager.

Fund V is made up of high-yield bonds of BB+ or BB quality, he said.

"We are constantly looking at the fund as if it were cash rather than securities," he said.

"Our research is anticipatory research," he said. "We look at anticipated cash flows for companies as well as current cash flows. We try to figure out what this company will look like in the coming year."

Part of this anticipatory approach involves the occasional use of hedging strategies, such as shorting Treasury bond futures or buying puts on the Treasury bond futures market, he said.

The remainder of 1985 will be at least OK — and possibly spectacular — for fixed-income investment, he said.

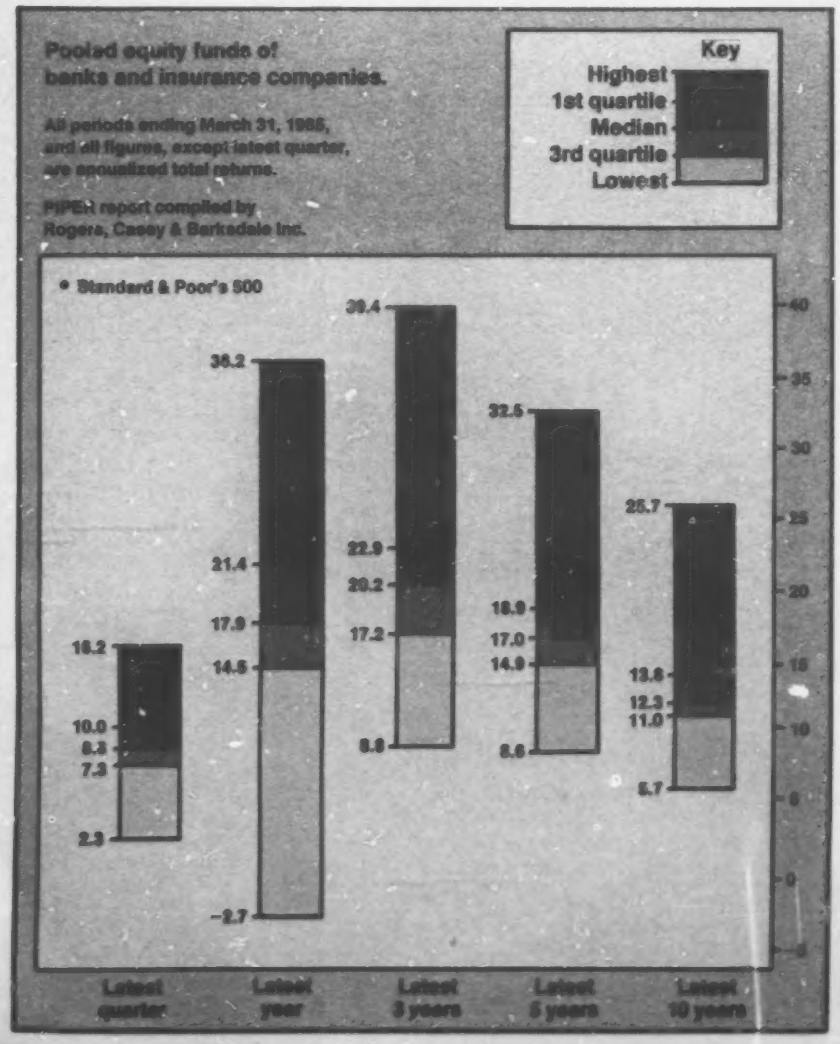
Should Congress address the deficit and tax reform, that action, along with inflation of about 4.5%, could spell a spectacular year for fixed income, he explained.

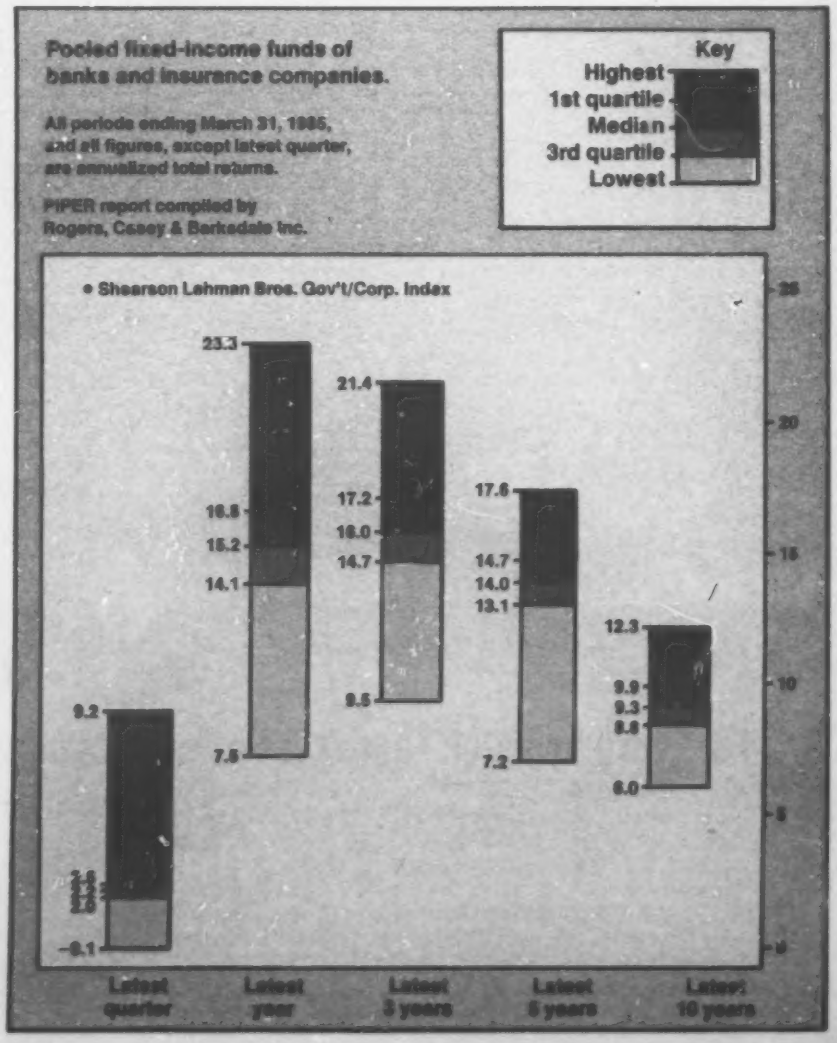
"But, the probability of that is pretty low," he added.

It is more likely Congress will reduce the deficit only slightly, and that inflation will stay somewhere between 4.5% and 5%, he explained: "We're more likely to have Treasury bond rates fluctuating between 10¾% and 12%."

"So, with that in mind, the beauty of the high-yield bond approach that we use is that we start

Continued on page 19





Top quartile commingled fixed-income funds

3-month returns

	%
Security Pacific (V), Calif.	9.2
General American (No. 9), Mo.	5.2
First Interstate of Nevada	5.0
Union Natl., Wichita	5.0
First Variable Life, Ark.	4.6
California First Bank	4.4
Northern Central, Pa.	4.2
Central Fid. (F), Lynchburg, Va.	4.1
Security Natl. Bank, W. Va.	3.9
Lloyds Bank (Fund C), Calif.	3.8
Colonial Am. Natl., Va.	3.6
Pacific Mutual, Calif.	3.5
First Interstate of Ariz.	3.3
Merchants Natl., Ala.	3.2
First of Toledo	3.2
Landmark First Natl., Fla.	3.1
HT investors, R.I.	3.1
Summit Bank, Ind.	3.1
Marquette Bank, Minn.	3.0
NCNB National Bank, N.C.	3.0
Allied Bank, Texas	3.0
First of Elgin (D1), Ill.	3.0
Commonwealth Natl. (D), Pa.	3.0
Manufacturers Detroit, Mich.	3.0
Norwest Bank, Minn.	3.0
BancTexas, Dallas	3.0
New England Mutual, Mass.	3.0
Chemical Bank (FI1), N.Y.	2.9
First of America, Mich.	2.9
First Fidelity, N.J.	2.9
Gary Wheaton Bank, Ill.	2.9
Security Pacific (F), Calif.	2.9
Connecticut National Bank	2.8
United Carolina Bank, N.C.	2.8
Mellon Bank, Pa.	2.8
First Natl., Jackson, Miss.	2.8
American Natl. Bank, Tenn.	2.8
Citizens Trust Co., Wis.	2.8
Texas American Bank	2.8
Society National, Ohio	2.8
Trust Svcs of Amer., Calif.	2.8
Central Fid., Richmond, Va.	2.8
AmeriTrust, Ohio	2.7
US Trust, N.Y.	2.7
Wachovia Bank, N.C.	2.7
First Interstate of Denver	2.7
Security Norstar Bank, N.Y.	2.7
Equitable Bank, Md.	2.7
Bank of Oklahoma, Tulsa	2.7
MTrust, Texas	2.7
First Citizens, N.C.	2.6
Central Penn, Pa.	2.6
Life of Virginia	2.6
Greeley Natl., Colo.	2.6
Citibank, N.Y.	2.6
Oregon Bank	2.6
Seafirst Bank, Wash.	2.6
First of Kenosha (4002), Wis.	2.6
IAA Trust Co. (B), Ill.	2.6
Texas Commerce	2.5
AmSouth, Ala.	2.5
Hawaiian Trust	2.5
Moline National, Ill.	2.5
Old Second Natl., Ill.	2.5
First Interstate of Calif.	2.5
Landmark Union Trust, Fla.	2.5
Ouachita Natl., La.	2.5
Irving Trust, N.Y.	2.5
Natl. City, Cleveland	2.5
Harris Trust, Ill.	2.5
Shearson-Lehman Index	**2.1**

1-year returns

	%
First Interstate of Nevada	23.3
Allied Bank, Texas	22.4
IAA Trust Co. (Fund B), Ill.	20.6
Lloyds Bank (Fund C), Calif.	20.4
Central Fid., Lynchburg, Va.	20.2
Life of Virginia	20.2
Security Pacific (V), Calif.	20.2
First Interstate of Denver	19.7
Centerre Trust, Mo.	19.6
United of Denver	19.4
Colorado National Bank	19.2
MBank, Austin, Texas	19.1
Equitable Life (No. 5), N.Y.	18.8
Seafirst Bank, Wash.	18.7
Bank of California	18.6
Merchants Natl., Ala.	18.6
Colonial Am. Natl., Va.	18.6
First Wis. Natl., Madison	18.5
Union National, Wichita	18.3
Northern Central, Pa.	18.3
Beverly Bank, Ill.	18.3
Travelers, Conn.	18.2
California First Bank	18.1
Commonwealth Natl., Pa.	18.1
Chemical Bank (FI1), N.Y.	18.1
General American (No. 9), Mo.	18.1
First Interstate of Ariz.	18.1
First of Chicago	18.0
Wheeling Dollar Bank, W. Va.	18.0
Mellon Bank, Pa.	18.0
Central Natl., Cleveland	17.8

Top fixed funds by size

1-year returns

Over $100 million

	%
Life of Virginia	20.2
Centerre Trust, Mo.	19.6
Equitable Life, N.Y.	18.8
First of Chicago, Ill.	18.0
American Security, D.C.	17.2
John Hancock, Mass.	17.2
Irving Trust, N.Y.	17.0
CIGNA Corp., Conn.	16.9
Wachovia Bank, N.C.	16.5
Citibank, N.Y.	16.4

$50 million to $100 million

	%
First Interstate of Denver	19.7
Chemical Bank, N.Y.	18.1
Mellon Bank, Pa.	18.0
Northern Trust, Ill.	17.7
Continental Illinois	17.4
Comerica Bank, Mich.	17.0
Marine Midland, N.Y.	16.9
Mutual of New York	16.8
US Trust, N.Y.	15.9
NCNB National Bank, N.C.	15.7

$10 million to $50 million

	%
Allied Bank, Texas	22.4
Lloyds Bank, Calif.	20.4
Security Pacific, Calif.	20.2
United of Denver, Colo.	19.4
Colorado National Bank	19.2
Seafirst Bank, Wash.	18.7
First Wis. Natl., Madison	18.5
Northern Central, Pa.	18.3
Travelers, Conn.	18.2
California First Bank	18.1

Under $10 million

	%
First Interstate of Nev.	23.3
IAA Trust Co., Ill.	20.6
Central Fid., Lynchburg	20.2
MBank, Austin, Texas	19.1
Bank of California	18.6
Merchants Natl., Ala.	18.6
Colonial Amer. Natl., Va.	18.6
Union Natl., Wichita	18.3
Beverly Bank, Ill.	18.3
Wheeling Dollar Bank	18.0

10-year returns

Over $100 million

	%
Life of Virginia	12.2
Texas Commerce	11.5
American Security, D.C.	10.8
Manufacturers Hanover	10.5
Centerre Trust, Mo.	10.3
John Hancock, Mass.	10.3
CIGNA Corp., Conn.	10.0
Citibank, N.Y.	9.5
Wachovia Bank, N.C.	9.4
Irving Trust, N.Y.	9.4

$50 million to $100 million

	%
Hibernia National, La.	11.1
Mercantile Trust, Mo.	10.3
Mellon Bank, Pa.	10.0
US Trust, N.Y.	9.8
NCNB Natl. Bank, N.C.	9.7
American Natl., Chicago	9.6
Bankers Trust, N.Y.	9.5
First Interstate of Denver	9.1
Norwest Bank, Minn.	9.0
Northern Trust, Ill.	9.0

$10 million to $50 million

	%
Fourth Natl., Wichita	12.3
Pacific Mutual, Calif.	12.2
Sovran Bank, Va.	11.5
First Jersey Natl.	11.2
Seafirst Bank, Wash.	11.0
Jefferson Trust, Ill.	10.8
First Interstate of Calif.	10.7
California First Bank	10.7
Fidelity Bank, Pa.	10.7
First Fidelity Bank, N.J.	10.6

Under $10 million

	%
Beverly Bank, Ill.	11.5
Central Fid., Lynchburg	11.2
First of Neenah, Wis.	10.3
First in Bartlesville	10.2
Union Planters, Tenn.	10.2
MBank, Austin, Texas	10.1
Ohio Citizens Trust	10.0
Toledo Trust, Ohio	10.0
First of Penna, Erie	9.9
Oregon Bank	9.9
Key Trust Co., N.Y.	9.9
First of Warsaw, Ind.	9.9
Moline National, Ill.	9.9

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*Based on RiskReturn Performance Comparisons report issued by Frank Russell Company for Investment Advisor Separate Accounts and Balanced Separate Accounts for five years ending 12/31/84.

Confederation Life, Ont.	17.8
Fourth National, Wichita	17.7
Northern Trust, Ill.	17.7
AmSouth, Ala.	17.6
First of Minneapolis	17.5
American National, Minn.	17.5
Manufacturers Detroit, Mich.	17.5
Crocker Natl. (Fund R), Calif.	17.4
Mutual of New York	17.4
Trust Svcs of Amer., Calif.	17.4
Continental Illinois	17.4
Natl. Bank of Commerce, Tenn.	17.3
Commerce Union, Tenn.	17.3
American Security, D.C.	17.2
John Hancock, Mass.	17.2
First Jersey Natl., N.J.	17.2
First Kentucky Trust	17.1
Key Trust Co., N.Y.	17.0
Comerica Bank, Mich.	17.0
Irving Trust, N.Y.	17.0
First of Warsaw, Ind.	17.0
First Fidelity Bank, N.J.	17.0
Natl. Bank of Commerce, Neb.	17.0
Oregon Bank	17.0
Connecticut National Bank	16.9
First of Cincinnati	16.9
CIGNA Corp., Conn.	16.9
Marine Midland, N.Y.	16.9
Toledo Trust, Ohio	16.9
Manufacturers Life, Ont.	16.9
Shearson-Lehman Index	**16.9**

3-year returns

	%
First Variable Life, Ark.	21.4
Life of Virginia	21.3
First Wis. Natl., Madison	20.9
Trust Svcs of Amer., Calif.	20.1
Mutual of N.Y.	20.0
Central Fid., Lynchburg, Va.	19.9
First Kentucky Trust	19.7
United of Denver	19.7
Wheeling Dollar Bank, W. Va.	19.7
Colorado National Bank	19.6
IAA Trust Co. (Fund B), Ill.	19.5
Pacific Mutual, Calif.	19.4
Society National, Ohio	19.3
Commonwealth Natl., Pa.	19.3
Allied Bank, Texas	19.3
AmSouth, Ala.	19.2
Lloyds Bank (Fund C), Calif.	19.2
Central Natl., Cleveland	19.2
Commerce Union, Tenn.	19.1
John Hancock, Mass.	19.1
California First Bank	19.0
Colonial Amer. Natl., Va.	18.8
CIGNA Corp., Conn.	18.7
Mutual of N.Y.	18.7
American Security, D.C.	18.7
CIGNA Corp., Conn.	18.7
First Interstate of Denver	18.6
Citibank, N.Y.	18.5
Centerre Trust, Mo.	18.4
Marine Midland, N.Y.	18.3
Toledo Trust, Ohio	18.3
First of Chicago	18.2
State Street Bank, Mass.	18.2
Irving Trust, N.Y.	18.2
Beverly Bank, Ill.	18.2
Wachovia Bank, N.C.	18.1
Key Trust Co., N.Y.	18.1
First Interstate of Ariz.	18.0
Pioneer Bank, Ill.	18.0
Liberty National, Okla.	18.0
Bank of California	17.9
Sovran Bank, Va.	17.9
First Interstate of Nevada	17.9
Security Pacific (Fund F), Calif.	17.8
First of Omaha (Fund C), Neb.	17.8
Merchants National, Ala.	17.8
General American (No. 9), Mo.	17.7
First Fidelity, N.J.	17.7
Bank of New York	17.6
Connecticut National Bank	17.6
First of Allentown, Pa.	17.6
First Interstate of Calif.	17.6
Hamilton Bank, Pa.	17.6
Ohio Citizens Trust	17.6
Union Planters, Tenn.	17.5
First Fidelity Bank, N.J.	17.5
Mellon Bank, Pa.	17.4
Crocker National (Fund R), Calif.	17.4
Natl. Bank of Commerce, Neb.	17.3
Norwest Bank, Minn.	17.3
Confederation Life, Ont.	17.3
First of Neenah, Wis.	17.2
Liberty National, Ky.	17.2
Morgan Guaranty, N.Y.	17.2
Shearson-Lehman Index	**17.1**

5-year returns

	%
Sovran Bank, Va.	17.6
Life of Virginia	17.5
First Variable Life, Ark.	17.1
Allied Bank, Texas	17.0
First Kentucky Trust	16.8
Lloyds Bank (Fund C), Calif.	16.3
CIGNA Corp., Conn.	16.2
Northern Central, Pa.	16.2
Beverly Bank, Ill.	16.0
Central Fid., Lynchburg, Va.	15.9
State Street Bank, Mass.	15.9
First Interstate of Denver	15.8
Pacific Mutual, Calif.	15.8
Society National, Ohio	15.7
Ohio Citizens Trust	15.6
Mutual of New York	15.6
Colonial American Natl., Va.	15.6
Bankers Trust (Fund A), N.Y.	15.6
Central Natl., Cleveland	15.6
American Security, D.C.	15.6
California First Bank	15.6
Cullen Bank, Texas	15.5
Toledo Trust, Ohio	15.5
First Interstate of Calif.	15.5
Mercantile Trust, Mo.	15.4
Trust Svcs of Amer., Calif.	15.3
Union Planters, Tenn.	15.3
Crocker National (Fund R), Calif.	15.3
Marine Midland, N.Y.	15.3
Texas American Bank	15.2
Citibank, N.Y.	15.2
First Fidelity, N.J.	15.2
Key Trust Co., N.Y.	15.2
First of Maryland	15.2
Wachovia Bank, N.C.	15.2
First Jersey Natl., N.J.	15.2
MBank, Austin, Texas	15.1
Mellon Bank, Pa.	15.1
American Natl. Bank, Tenn.	15.1
First Interstate of Ariz.	15.0
First Fidelity Bank, N.J.	15.0
Riggs of Washington	15.0
First Natl. of Commerce, La.	15.0
Morgan Guaranty, N.Y.	15.0
Natl. Bank of Commerce, Tenn.	15.0
United of Denver	14.9
Shearson-Lehman Index	**14.9**
First Bank, Milwaukee	14.9
Liberty National, Okla.	14.9
Central Penn, Pa.	14.8
Centerre Trust, Mo.	14.8
First of Omaha (Fund C), Neb.	14.8
Mutual of New York	14.8
Bank of California	14.8
National of Georgia	14.8
Landmark Union Trust, Fla.	14.8
Commonwealth Natl., Pa.	14.8
Gary Wheaton Bank, Ill.	14.7
Connecticut National Bank	14.7
First Natl., Jackson, Miss.	14.7
Merchants National, Ala.	14.7

P&I Age's annual master trust directory will be published May 27.

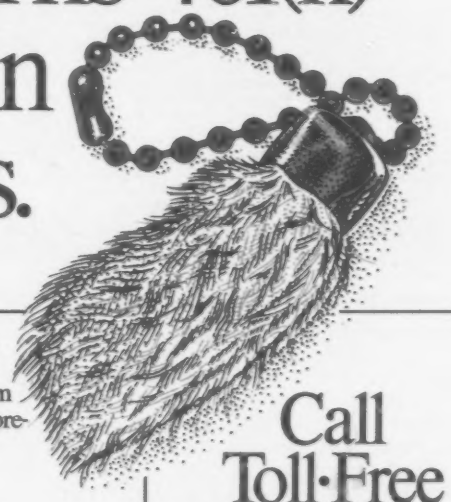
10-year returns

	%
Fourth Natl., Wichita	12.3
Pacific Mutual, Calif.	12.2
Life of Virginia	12.2
Beverly Bank, Ill.	11.5
Sovran Bank, Va.	11.5
Texas Commerce	11.5
Central Fid., Lynchburg, Va.	11.2
First Jersey Natl., N.J.	11.2
Hibernia National, La.	11.1
Seafirst Bank, Wash.	11.0
American Security, D.C.	10.8
Jefferson Trust, Ill.	10.8
First Interstate of Calif.	10.7
California First Bank	10.7
Fidelity Bank, Pa.	10.7
First Fidelity Bank, N.J.	10.6
Manufacturers Hanover, N.Y.	10.5
Allied Bank, Texas	10.4
Centerre Trust, Mo.	10.3
Commerce Union, Tenn.	10.3
First of Neenah, Wis.	10.3
First Wis. Natl., Madison	10.3
John Hancock, Mass.	10.3
Mercantile Trust, Mo.	10.3
Cullen Bank, Texas	10.2
First in Bartlesville, Okla.	10.2
Manufacturers Detroit	10.2
Union Planters, Tenn.	10.2
Lloyds Bank (Fund C), Calif.	10.2
First Kentucky Trust	10.2
AmeriTrust, Ohio	10.2
American Natl. Bank, Tenn.	10.1
First Interstate of Ariz.	10.1
MBank, Austin, Texas	10.1
Ohio Citizens Trust	10.0
Toledo Trust, Ohio	10.0
Mellon Bank, Pa.	10.0
Trust Svcs of Amer., Calif.	10.0
First of Toledo	10.0
CIGNA Corp., Conn.	10.0
First of Penna, Erie, Pa.	9.9
Oregon Bank	9.9
Key Trust Co., N.Y.	9.9
United of Denver, Colo.	9.9
First of Warsaw, Ind.	9.9
Moline National, Ill.	9.9
Riggs of Washington	9.9
Shearson-Lehman Index	**9.6**

Consultants will be profiled in the Nov. 25 issue.

PENSION PROFILE: THREE

It isn't luck that Southwestern's 401(k) products are in so many plans.



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As an alternative investment, Southwestern offers three Separate Accounts: Short-Term, 90/10 Equity and Growth Equity. Our **Short-Term Account** uses short term money market instruments for maximum current income with capital and liquidity protection. The **90/10 Equity Account** limits downside risk, reduces portfolio volatility and allows participation in rising equity markets. The **Growth Equity Account** seeks maximum long-term capital appreciation in a diverse portfolio.

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Top quartile commingled equity funds

3-month returns

	%
MBank, Fort Worth	16.2
Citizens Chillicothe, Mo.	15.1
Pioneer Bank, Ill.	15.1
First of Neenah, Wis.	14.3
New York Life Ins. (No. 1)	14.3
California First Bank	14.1
First of Kenosha, Wis.	13.9
First Trust Corp., Colo.	13.6
US Trust, N.Y.	13.2
First Interstate of Nevada	13.2
New Jersey National	13.0
Old Kent, Mich.	13.0
Continental Bank, Pa.	12.8
First Natl. of Commerce, La.	12.8
Central Fid. Richmond, Va.	12.5
First Kentucky Trust	12.5
Chemical Bank (No. 2), N.Y.	12.4
Manufacturers Detroit	12.3
Equitable Life (No. 4), N.Y.	12.3
Branch Bank & Trust, N.C.	12.2
Guardian Insurance (No. 1), N.Y.	12.2
First Jersey National	11.9
First of Shreveport, La.	11.9
First Interstate of Ariz.	11.9
Minnesota Mutual	11.9
First Trust St. Paul	11.8
Philadelphia National	11.7
Summit Trust Co., N.J.	11.7
Sun Bank, Fla.	11.6
Nationwide Life Ins., Ohio	11.5
Oregon Bank	11.1
State Street Bank (No. 1), Mass.	11.1
First Wis. Natl., Madison	11.1
Penn Mutual Life (A), Pa.	10.9
Security Natl. Bank, W. Va.	10.9
Pittsburgh Natl. (Ct-QMS), Pa.	10.9
Mellon Bank, Pa.	10.9
First Interstate of Denver	10.8
IAA Trust Co. (Fund C), Ill.	10.8
First of Boston, Mass.	10.8
Omaha Natl. Bank, Neb.	10.7
Merchants Natl. (No. 1), Ind.	10.7
Toledo Trust	10.7
First of America, Mich.	10.7
First Interstate of Oregon	10.7
First of Neenah, Wis.	10.7
Comerica Bank, Mich.	10.6
Texas Commerce	10.6
MBank, Austin, Texas	10.6
Mutual Benefit, N.J.	10.5
BancTexas, Dallas	10.5
Central Natl., Cleveland	10.5
Aetna Life & Cas., Conn.	10.5
Lloyds Bank, Calif.	10.4
First Natl. of Tulsa	10.4
MTrust, Texas	10.4
Indiana National Bank	10.4
Seattle Trust, Wash.	10.4
Pittsburgh National, Pa.	10.4
Equitable Life (No. 1), N.Y.	10.3
Fidelity Bank, Pa.	10.3
Crown Life, Ont.	10.2
Connecticut Bank & Trust	10.2
First Tennessee, Memphis	10.2
Life of Virginia (Acct. A)	10.1
American Fletcher, Ind.	10.1
Prudential (Pridek), N.J.	10.1
County Bank of St. Louis	10.0
John Hancock (IL), Mass.	10.0
Provident National, Pa.	10.0
Standard & Poor's 500	**9.2**

1-year returns

	%
Bank of the West, Calif.	36.2
First of America, Mich.	35.8
Manufacturers Detroit	34.7
Sun Bank, Fla.	33.8
Guardian Insurance (No. 1), N.Y.	31.9
First Trust Corp., Colo.	31.7
First Interstate of Oregon	30.1
New Jersey National	29.8
State Street Bank (No. 1), Mass.	29.5
Pioneer Bank, Ill.	29.0
Toledo Trust, Ohio	28.0
Bancmidwest (Fund E), Ill.	27.7
Bank of New England, Mass.	27.5
John Hancock (No. 1), Mass.	27.5
First of Maryland	26.9
Centerre Trust, Mo.	26.8
MBank, Fort Worth	26.1
Bank of California	25.9
First Trust St. Paul	25.9
Mellon Bank, Pa.	25.8
First Wis. Natl., Madison	25.7
First Jersey Natl., N.J.	25.5
County Bank of St. Louis	25.3
First Union Bank, N.C.	25.3
First of Omaha (Fund D)	25.0
Old Kent, Mich.	25.0
State Natl., Evanston, Ill.	25.0
Philadelphia National	24.4
First in Bartlesville, Okla.	24.2

Top equity funds by size

1-year returns

Over $100 million

	%
John Hancock, Mass.	27.5
Mellon Bank, Pa.	25.8
First Union Bank, N.C.	25.3
Philadelphia Natl., Pa.	24.4
Provident National, Pa.	23.2
John Hancock, Mass.	23.1
Fidelity Mgmt. Trust, Mass.	22.4
MTrust, Texas	21.4
Norwest Bank, Minn.	20.7
Marine Midland, N.Y.	20.4

$50 million to $100 million

	%
First of America, Mich.	35.8
Manufacturers Detroit	34.7
Sun Bank, Fla.	33.8
Centerre Trust, Mo.	26.8
First Trust, St. Paul	25.9
First Wis. Natl., Madison	25.7
Old Kent, Mich.	25.0
Comerica Bank, Mich.	23.4
Fidelity Bank, Pa.	22.4
Sentry Life, Wis.	21.9

$10 million to $50 million

	%
Guardian Insurance, N.Y.	31.9
First Trust Corp., Colo.	31.7
First Interstate of Ore.	30.1
Bank of New England	27.5
Bank of California	25.9
First Jersey National	25.5
Resource Bank & Trust	24.1
Continental Bank, Pa.	23.9
Pittsburgh Natl., Pa.	23.8
American Natl. Bank, Tenn.	23.8

Under $10 million

	%
Bank of the West, Calif.	36.2
New Jersey National	29.8
State Street Bank, Mass.	29.5
Pioneer Bank, Ill.	29.0
Toledo Trust, Ohio	28.0
Bancmidwest, Ill	27.7
First of Maryland	26.9
MBank, Fort Worth	26.1
County Bank of St. Louis	25.3
First of Omaha	25.0
State Natl., Evanston, Ill.	25.0

10-year returns

Over $100 million

	%
US Natl. of Oregon	18.5
Bankers Life, Iowa	18.0
Provident National, Pa.	17.1
Bessemer Trust, N.Y.	17.0
First Union Bank, N.C.	16.6
Aetna Life & Casualty, Conn.	16.6
Massachusetts Mutual	16.3
MTrust, Texas	15.9
Life of Virginia	15.7
Equitable Life, N.Y.	15.5

$50 million to $100 million

	%
First Wis. Natl., Madison	20.9
AmSouth, Ala.	18.4
First of America, Mich.	16.3
First Interstate of Denver	16.1
Minnesota Mutual	15.2
Manufacturers Detroit	15.0
Chicago Title & Trust, Ill.	14.4
First Trust, St. Paul	13.6
United Virginia Bank	13.6
Northern Trust, Ill.	13.6

$10 million to $50 million

	%
Manufacturers Life, Ont.	25.7
Guardian Insurance, N.Y.	21.1
US Natl. of Galveston	19.4
First Variable Life, Ark.	19.2
First Trust Corp., Colo.	18.7
Landmark Union Trust, Fla.	17.3
First of Oklahoma	16.5
Fourth Natl., Tulsa, Okla.	16.1
Employers Life of Wausau	15.8
First Interstate of Wash.	15.8
Nationwide Life Ins., Ohio	15.8

Under $10 million

	%
Citizens Chillicothe, Mo.	19.6
Confederation Life, Ont.	17.9
MBank Fort Worth	16.1
First Tennessee, Chat.	14.7
Wheeling Dollar Bank	14.3
Pittsburgh Natl., Pa.	14.2
First of Kenosha, Wis.	13.8
Union Central, Ohio	13.8
Central Fid., Richmond, Va.	13.7
Lake Shore Natl., Ill.	13.5

Resource Bank & Trust, Minn. . . 24.1
Pittsburgh Natl. (Ct-QMS), Pa. . . 24.1
Oregon Bank 24.0
Continental Bank, Pa. 23.9
Pittsburgh Natl. (GT-QMS) 23.8
American Natl. Bank, Tenn. 23.8
First of Neenah, Wis. 23.8
Comerica Bank, Mich. 23.4
MBank, Austin, Texas 23.4
Summit Bank, Ind. 23.2
Provident Natl., Pa. 23.2
John Hancock (No. 1K), Mass. . . 23.1
Republic Natl., Dallas 23.1
First Tennessee, Chat. 23.0
Trust Svcs of Amer., Calif. 23.0
Summit Trust Co., N.J. 22.9
US Natl. of Galveston 22.7
First of Maryland 22.7
Landmark Union Trust, Fla. 22.4
Fidelity Bank, Pa. 22.4
Fidelity Mgmt. Trust, Mass. 22.4
Puget Sound Natl., Wash. 22.3
Associated Manitowoc, Wis. 22.2
Southeast Bank, Fla. 22.2
Lake Shore Natl., Ill. 22.1
First of America, Mich. 22.1
Nationwide Life Ins., Ohio 22.0
Sentry Life (Acct. B), Wis. 21.9
Natl. Bank of Commerce, Neb. . . 21.9
Gary Wheaton Bank, Ill. 21.8
Dominion Trust, Va. 21.8
Citytrust, Conn. 21.7
Crown Life, Ont. 21.6
First Fidelity, N.J. 21.6
Central Bank, Monroe, La. 21.6
First Security Natl., Ky. 21.6
First Interstate of Ariz. 21.5
Colorado Natl. Bank 21.5
Central Fid., Richmond, Va. 21.4
MTrust, Texas 21.4
Standard & Poor's 500 . . . . . **18.9**

3-year returns

	%
Manufacturers Life, Ont.	39.4
Sun Bank, Fla.	33.8
First Union Bank, N.C.	33.5
First Variable Life, Ark.	31.4
First Interstate of Oregon	31.0
Guardian Insurance (No. 1), N.Y.	29.7
Fidelity Mgmt. Trust, Mass.	29.4
Connecticut Mutual Life	29.3
Provident Natl., Pa.	29.1
MBank, Fort Worth	28.7
Manufacturers Detroit	28.4
Marine Midland, N.Y.	28.4
Merchants Natl., Ala.	27.9
New England Mutual, Mass.	27.3
Lake Shore Natl., Ill.	27.2
Mutual Benefit, N.J.	27.0
AmSouth, Ala.	26.8
John Hancock (Acct. 1L), Mass.	26.4
First of Omaha (Fund D)	26.1
First Wis. Natl., Madison	26.1
Republic Natl., Dallas	25.9
Mercantile Safe, Md.	25.9
Minnesota Mutual (Acct. C)	25.9
United of Denver	25.9
First of Oklahoma	25.7
Bankers Life, Iowa	25.6
US Natl. of Galveston	25.6
First Trust, St. Paul	25.4
US Natl. of Oregon	25.3
Old Kent, Mich.	25.3
First Fidelity Bank, N.J.	25.1
Gary Wheaton Bank, Ill.	25.0
Colorado Natl. Bank	24.9
First of Warsaw, Ind.	24.9
Centerre Trust, Mo.	24.9
Cullen Bank, Texas	24.8
Dauphin Deposit, Pa.	24.7
Irving Trust, N.Y.	24.7
Natl. Bank of Commerce, Tenn.	24.6
Texas Commerce	24.6
Southeast Bank, Fla.	24.5
Resource Bank & Trust, Minn.	24.5
Landmark Union Trust, Fla.	24.2
Seattle Trust, Wash.	24.1
Citytrust (E1), Conn.	24.1
Nationwide Life Ins., Ohio	24.0
First Trust Corp., Colo.	24.0
Penn Mutual Life (Acct. A), Pa.	23.9
Aetna Life & Casualty, Conn.	23.8
Massachusetts Mutual	23.8
Oregon Bank	23.7
First Tennessee, Chat.	23.7
First of America, Mich.	23.7
John Hancock (Acct. 1K), Mass.	23.7
MTrust, Texas	23.6
New Jersey Natl.	23.5
Confederation Life, Ont.	23.4
First of Chicago	23.3
Union Central, Ohio	23.3
Bankers Trust (Index), N.Y.	23.3
Standard & Poor's 500	**23.2**

5-year returns

	%
Manufacturers Life, Ont.	32.5
First Union Bank, N.C.	27.2
Sun Bank, Fla.	26.0
First Fidelity Bank, N.J.	25.3
Manufacturers Detroit	24.9
Provident National, Pa.	24.9
First of Oklahoma	24.6
First Wis. Natl., Madison	24.5
AmSouth, Ala.	23.6
First Variable Life, Ark.	23.4
New England Mutual, Mass.	23.3
Connecticut Mutual Life	23.3
Lake Shore Natl., Ill.	23.0
US Natl. of Galveston	22.9
United of Denver	22.5
Guardian Insurance (No. 1), N.Y.	22.4
Midlantic Natl., N.J.	22.2
MBank, Fort Worth	22.1
First Tennessee, Chat.	22.1
First Trust Corp., Colo.	21.9
First Interstate of Oregon	21.7
First of Omaha (Fund D), Neb.	21.5
Massachusetts Mutual	21.5
IAA Trust (Fund C), Ill.	21.4
First Interstate of Denver	21.3
Mutual Benefit, N.J.	21.1
MTrust, Texas	21.1
First Interstate of Nevada	20.9
Landmark Union Trust, Fla.	20.9
Colorado National Bank	20.9
American Natl., Chicago	20.9
US Natl. of Oregon	20.9
Nationwide Life Ins., Ohio	20.8
Philadelphia Natl., Pa.	20.8
Equitable Life (No. 4), N.Y.	20.8
Dauphin Deposit, Pa.	20.6
Confederation Life, Ont.	20.6
Aetna Life & Casualty, Conn.	20.2
State Street Bank, Mass.	20.2
Centerre Trust, Mo.	20.2
Citytrust (Acct. E1), Conn.	20.1
Union Central, Ohio	20.0
Wheeling Dollar Bank, W. Va.	19.8
Bankers Life, Iowa	19.8
Minnesota Mutual (Acct. C)	19.8
Dominion Trust, Va.	19.8
Republic Natl., Dallas	19.7
Penn Mutual Life (Acct. A), Pa.	19.7
Gary Wheaton Bank, Ill.	19.6
Old Kent, Mich.	19.5
First Interstate of Wash.	19.4
Security Norstar Bank, N.Y.	19.4
Natl. Bank of Commerce, Tenn.	19.3
Texas Commerce	19.2
Sentry Life (Acct. B), Wis.	19.2
Mercantile Safe, Md.	19.2
First Alabama Bank (No. 1)	19.1
Employers Life of Wausau, Wis.	19.1
United Virginia Bank (No. 5822)	19.1
Fifth Third Bank, Ohio	19.0
First in Bartlesville, Okla.	19.0
First of America, Mich.	19.0
First of Warsaw, Ind.	18.9
Southeast Bank, Fla.	18.9
First Trust, St. Paul	18.9
First of Neenah, Wis.	18.9
Standard & Poor's 500	**17.9**

10-year returns

	%
Manufacturers Life, Ont.	25.7
Guardian Insurance (No. 1), N.Y.	21.1
First Wis. Natl., Madison	20.9
Citizens Chillicothe (B), Mo.	19.6
US Natl. of Galveston	19.4
First Variable Life, Ark.	19.2
First Trust Corp., Colo.	18.7
US Natl. of Oregon	18.5
AmSouth, Ala.	18.4
Bankers Life, Iowa	18.0
Confederation Life, Ont.	17.9

The partnership at work. Dick Fullarmes, Treasurer of General Electric Pension Trusts (center), discusses global custody with Dave Mann, Chase NY (left) and Colin Grimsey, Chase London.

Global Network Foreign Exchange

Landmark Union Trust, Fla.	17.3
Provident Natl., Pa.	17.1
Bessemer Trust, N.Y.	17.0
First Union Bank, N.C.	16.6
Aetna Life & Casualty, Conn.	16.6
First of Oklahoma	16.5
First of America, Mich.	16.3
Massachusetts Mutual	16.3
First Interstate of Denver	16.1
MBank, Fort Worth	16.1
Fourth National, Tulsa	16.1
MTrust, Texas	15.9
Employers Life of Wausau, Wis.	15.8
First Interstate of Wash.	15.8
Nationwide Life Ins., Ohio	15.8
First Interstate of Oregon	15.7
Life of Virginia (Acct. A)	15.7
Natl. Bank of Commerce, Neb.	15.6
Equitable Life (No. 4), N.Y.	15.5
United of Denver	15.4
Penn Mutual Life (Acct. A), Pa.	15.3
Home Life, N.Y.	15.3
Minnesota Mutual (Acct. C)	15.2
New England Mutual, Mass.	15.1
Manufacturers Detroit	15.0
Colorado Natl. Bank	15.0
Fifth Third Bank, Ohio	14.8
First Jersey Natl., N.J.	14.8
Liberty National, Okla.	14.7
Security Norstar Bank, N.Y.	14.7
First Tennessee, Chat.	14.7
Bank of Oklahoma, Tulsa	14.6
Chicago Title & Trust	14.4
Natl. City, Cleveland	14.4
Wheeling Dollar Bank, W. Va.	14.3
Continental Bank, Pa.	14.3
Pittsburgh Natl., Pa.	14.2
Phoenix Mutual, Conn.	14.1
Mutual Benefit, N.J.	14.0
Bank of Delaware	13.9

Bond managers . . .

Continued from page 13

the race 400 to 500 basis points ahead of the game," he continued. "With that kind of an approach, if you do your homework and don't stumble, you're really going to beat folks."

In second place for the quarter was St Louis-based General American Life Insurance Co.'s Separate Account 9, with a 5.2% compound annual return.

First Natl., Lincoln, Neb.	13.9
Connecticut Mutual Life	13.9
Citytrust (E1), Conn.	13.8
First of Kenosha (No.4001), Wis.	13.8
Union Central, Ohio	13.8
Standard & Poor's 500	**13.5**

First Interstate of Nevada, Reno, and Union National Bank of Wichita, Kan., tied for third at 5%.

For the year ended March 31, First Interstate of Nevada's fund was the leader, with 23.3%.

The median fund for the year had a 15.2% return; those funds in the first quartile had a 16.8% return or better. The Shearson Lehman index returned 16.9%.

The $5 million First Interstate of Nevada fund is managed by the bank's money management arm, First Interstate Investment Advisers, Las Vegas. Both are subsidiaries of First Interstate Bancorp, Los Angeles.

About 90% of the fund is invested in long-term U.S. government securities and 10% in convertible bonds, said Robert Lee, president of First Interstate Investment.

"We started the quarter fully invested in 30-year U.S. Treasuries," he said. "But about half way into the quarter, we sold about half of them."

When the bond market fell sharply in late February and early March, "we had less exposure to that falling market."

There is a reasonable likelihood that once this quarter's Treasury refunding is over in mid-May, interest rates will fall somewhat, he said.

"Consequently, purchasing long-term (30-year) bonds during the month of May would be a good strategy," Mr. Lee said.

Other top performers for the year included Allied Bank of Texas, Houston, with a 22.4% compound annual return; IAA Trust Co., Bloomington, Ill., 20.6%; and Lloyds Bank California, Los Angeles, 20.4%.

For the three years ended March 31, First Variable Life, Little Rock, Ark., was first, with 21.4%.

Life Insurance Co. of Virginia, Richmond, was second, with 21.3%; First Wisconsin National Bank of Madison, third at 20.9%; and Trust Services of America, Los Angeles, fourth at 20.1%.

The median fund for the period returned 16%; those in the first quartile had a 17.2% or better return. The Shearson Lehman index returned 17.1%.

Sovran Bank, Richmond, Va., was first for the five years ended March 31, with a 17.6% compound annual return.

Life Insurance Co. of Virginia placed second for the period with 17.5%; First Variable Life was third, with 17.1%; and Allied Bank, fourth, 17%.

The median fund for the period returned 14%; first quartile performers had at least 14.7%. The Shearson Lehman index stood at 14.9% for the five-year period.

For the 10 years ended March 31, Fourth National Bank of Wichita, Kan., was the top performer in PIPER, with a 12.3% compound annualized return.

The median fund for the 10 years logged 9.3% return and first quartile funds had a 9.9% return or better. The Shearson Lehman index returned 9.4%.

Life Insurance Co. of Virginia and Pacific Mutual Life Insurance Co., Newport Beach, Calif., tied for second, returning 12.2%.

Pacific Mutual's $15 million commingled bond fund is managed by Pacific Investment Management Co., a wholly owned subsidiary, said William H. Gross, managing director.

"That fund reflects our typical style at PIMCO," he said. "It is actively managed and utilizes interest rate forecasting as the primary basis for bond selection."

One source of success for the fund has been the use of a long-term secular approach to decision-making, as opposed to the cyclical approach often employed by most money managers, he explained.

"The year of 1985, from here on, is probably going to be one of narrow fluctuation of interest rates," he said.

Mr. Gross pointed to a number of crosscurrents in the markets.

"One, we're in a period of disinflation, and high real interest rates and low inflation, in which long-term bonds are very attractive compared to any other alternative," he said.

"That is a definite positive for the balance of the year, as well as for the next several years. From that standpoint, we're fairly optimistic on the bond market on a long-term basis."

Tied for third for the period were Beverly Bank, Chicago, Sovran Bank and Texas Commerce Bank, Houston, with 11.5%. ■

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For open-end property returns

Copley wins again in '84

By Mark Westerbeck

NEW YORK — For the second year in a row, the Developmental Property Account managed by Copley Real Estate Advisors was the open-end property fund with the best annual return among those reporting to the Pensions & Investments' Performance Evaluation Report.

Copley's 23.4% return for 1984 was not the best among all funds, however. Coldwell Banker Capital Management Services' fifth closed-end account, bolstered by extraordinary accounting and appraisal circumstances during the third quarter, closed out the year with a 24% return.

The Copley fund, which has been reporting performance results just since the start of 1983, continues to underscore the potential, even in the short term, in institutional-sized developmental joint ventures. Copley is the affiliate of New England Mutual Life Insurance Co., where many of the Copley executives learned the development business before the advisory subsidiary was spun out.

Not unusual for a new fund, it had a strong first reporting year — 30.8%. At year-end 1984, the Copley fund had a net asset value of $136 million involving 80 pension funds, but 10 large funds held 80% of the total pool. Value of the property assets in the portfolio is $225 million.

The fund grew by $100 million in 1984, $80 million of that from new contributions, according to Joseph O'Connor, Copley president. The fund picked up $25 million in the fourth quarter from pension clients such as Blue Cross, Boston Edison Co. and the Frank Russell Trust Co. open-end pool that has brought together six real estate commingled funds for investment by its own clients. Other major clients include CSX Corp., the Boilermakers, Iron Shipbuilders, Blacksmiths Forgers and Helpers National Pension Trust, Southland Corp., National Fuel & Gas Co. and Pennsylvania Power & Light Co.

Copley's 23.4% performance for the year reflected a strong fourth quarter submission. For the 12-month period through the third quarter, Copley showed 20.8%.

Citibank's fund, which had been the lowest among open-end pools for 12 months after the third quarter with 7.2%, also showed the effects of appraisal input, jumping into the top one-third by year-end with 14.9%.

The funds that finished second best for 1984 in both the open- and closed-end categories were new to PIPER — Corporate Property Investors, a long-standing $1.8 billion real estate investment trust that holds substantial pension investment and has a strong retail emphasis, and the $50 million closed-end participating mortgage fund run by Fayez Sarofim & Co., which has a two-year track record and has returned 17.4% during that time. Corporate Property returned 22.4% in 1984 and Fayez Sarofim, 22.5%.

Two open-end funds that followed Copley as leader in 1983 — run by J.P. Morgan Investment Management Inc. and Equitable Real Estate Investment Management — dropped into the middle of the pack last year. NCNB National Bank and First Bank of Minneapolis were notable for holding their ground.

For longer terms, by which real estate managers prefer to be measured, J.P. Morgan continues to maintain its hold as a leader, although its weaker-than-normal 1984 caused it to lose its grip on first place in the five-year period to NCNB.

Wachovia Bank & Trust Co., the industry's oldest fund, continues to exhibit the vagaries of cyclical real estate, being one of the leading funds during five years, although one of the lesser performers in shorter terms.

The monster funds, Prudential Asset Management Co.'s $5.7 billion PRISA and Equitable's $2.6 billion Separate Account #8, act as the solid index funds they are said to be during longer terms. For five years, they both have given off 14.1% a year, compounded annually.

As The RREEF Funds prepare to start liquidating its first fund, East I, next year, it carries an 18.8% compound annual return since its 1977 inception.

While strong, that is exceeded by the 21.8% reported by Coldwell Banker for its Fund II (also scheduled for liquidation), Corporate Property Investors' 20.3% and J.P. Morgan's 19%. (Morgan's fund, it should be noted, was invested much more in real estate securities than equity property during much of that time.)

Coldwell Banker and RREEF, the long-term players in the closed-end property fund market, generally mirror themselves in performance. Coldwell liquidated its first fund a year ago, returning more than 14% to investors. For the shorter terms, they tend to be exceeded by the newer funds, notably JMB Institutional Realty and LaSalle Advisors, Inc. ■

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Commingled property funds

Following are the returns on commingled real estate funds that are reported to the Pensions & Investment's Evaluation Report for periods ended Dec. 31. If a fund is not listed, the manager does not participate, failed to meet the deadline for reporting or did not have a fund in existence during the periods listed. Some fund managers appraise all property in a portfolio only once a year and might report only income returns during a certain reporting period.

Real estate open-end funds

1-year returns

	%
Copley Real Estate	23.4
Corporate Property Investors	22.4
Phoenix Mutual	20.5
Metropolitan Tower Fund	20.2
NCNB	19.0
Metropolitan Fund RE	16.3
Prudential MORISA	16.2
Prudential PRIMOR	15.6
Canada Life	15.6
Chase Manhattan	15.6
First Bank of Minneapolis	15.4
Citibank	14.9
Prudential PRISA	14.5
CIGNA	14.2
Equitable #8	14.1
J.P.Morgan	14.0
Bankers Life	14.0
Aetna	13.1
First Bank of Boston	13.0
Bank One Ohio	13.0
Sun Bank	12.9
First Chicago	12.8
United Virginia Bank	12.3
Crocker Bank	12.1
InterFirst Dallas	11.9
Mass Mutual	11.8

Mercantile Trust	11.8
John Hancock	11.1
Wells Fargo	10.6
Republic National	10.5
Third National Nashville	10.5
Chemical Bank	10.1
Wachovia Bank	9.9
Seafirst Bank	9.5
New York Life	9.1
AmeriTrust	7.3
Travelers	6.8
Bank of America	6.6
Consumer Price Index	**3.9**

3-year returns

	%
J.P. Morgan	18.8
Phoenix Mutual	17.3
NCNB	16.8
Prudential MORISA	16.6
Prudential PRIMOR	16.6
Metropolitan Tower Fund	16.4
Metropolitan Fund RE	15.8
CIGNA	14.8
First Bank of Minneapolis	14.8
Chase Manhattan	14.2
Chemical Bank	14.1
Canada Life	14.0
InterFirst Dallas	13.8
Corporate Property Investors	13.6
Equitable #8	13.6
First Bank Boston	13.4
First Chicago	12.8
Mercantile Trust	12.6
Bank One Ohio	12.5
Sun Bank	12.5
Aetna	11.9
Bankers Life	11.7
Mass Mutual	11.4
Republic National	11.4
John Hancock	11.0
Crocker Bank	10.7
Wachovia Bank	10.6
Prudential PRISA	10.3
Wells Fargo	10.3
Bank of America	10.3
Seafirst Bank	10.0
Third National Nashville	9.7
Citibank	9.4
Travelers	7.7
New York Life	5.9
Consumer Price Index	**3.9**

5-year returns

	%
NCNB	17.6
J.P. Morgan	17.3
Metropolitan Fund RE	16.2
Chemical Bank	15.5
Wachovia Bank	15.5
Bank One Ohio	14.8
Corporate Property Investors	14.7
Prudential PRISA	14.1
Aetna	14.1
Equitable #8	14.1
First Chicago	14.0
First Bank of Boston	13.7
InterFirst Dallas	13.5
Wells Fargo	13.1
John Hancock	12.3
Crocker National	12.1
Bank of America	11.2
Travelers	10.5

Actuary group releases cost method study

WASHINGTON — The American Academy of Actuaries has released a 14-volume study of the effect of different actuarial cost methods on pension expense.

Prepared to aid the Financial Accounting Standards Board in understanding the significance of different cost methods, the study examined cost for 10 participant groups under five actuarial cost methods during a 20-year period.

The study found "a generally consistent pattern of pension expense" under the entry age normal, frozen initial liability and aggregate cost methods.

The two other methods — unit credit and pro-rated unit credit/service prorate — "present a less consistent relationship with each other and with expense under cost allocation methods," it found.

The 14-volume set can be purchased for $240 from the Academy at 1835 K St. N.W., Suite 515, Washington, D.C. 20006. ■

Consumer Price Index	**6.5**

10-year returns

	%
Corporate Property Investors	19.2
J.P. Morgan	19.1
Prudential PRISA	14.7
Wachovia Bank	14.0
Equitable #8	12.6
Metropolitan Fund RE	12.5
Wells Fargo	12.5
First Chicago	11.6
Consumer Price Index	**7.3**

Real estate closed-end funds

1-year returns

	%
Coldwell V	24.0
Fayez Sarofim	22.5
John Hancock SERA I	21.1
State Street Bank	21.0
JMB I	20.6
LaSalle Advisors	14.5
Coldwell II	13.9
RREEF East II	12.4
RREEF Midamerica II	12.2
RREEF USA I	11.5
Coldwell VII	11.3
RREEF East III	10.7
Coldwell IV	10.4
Coldwell VI	10.0
Coldwell III	9.8
RREEF USA II	8.8
RREEF East IV	8.6
RREEF Midamerica I	7.6
RREEF East I	7.1
Consumer Price Index	**3.9**

3-year returns

	%
JMB I	18.1
LaSalle Advisors	16.2
Coldwell V	16.0
RREEF Midamerica II	15.2
Coldwell II	15.1
RREEF USA II	14.3
Coldwell IV	13.7
RREEF East III	13.3
RREEF East II	12.8
RREEF USA I	12.8
Coldwell VI	11.6
RREEF East I	11.4
Coldwell III	10.6
RREEF Midamerica I	10.4
RREEF East IV	9.4
Consumer Price Index	**3.9**

5-year returns

	%
Coldwell II	22.3
RREEF East I	15.5
Coldwell IV	15.3
RREEF East II	14.9
Coldwell III	13.0
Consumer Price Index	**6.5**

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Cash Management

Bradford pays heavy price in collapses

By Richard J. Gillespie

NEW YORK — One institution — Bradford Trust Co. — was caught in the middle of the collapses of both Lion Capital Group and ESM Government Securities Inc., and the New York-based clearing agent and custodial bank is paying a heavy price.

The company has been sued by several clients of the two firms, for which it acted as clearing agent. The issue is whether a clearing agent has any responsibility to the clients of its broker/dealer customers.

In one instance, Bradford, which recently changed its name to Fidata Trust Co. New York, has found itself facing a bevy of angry New York school districts that lodged rival claims to the $47.5 million collateral Bradford's lawyers say was security for loans Bradford provided to its former client, Lion Capital Group.

On April 25, U.S. Bankruptcy Court Judge Howard C. Buschman determined he could not grant approval to an out-of-court settlement that awarded the majority of that collateral, about $34 million, to Bradford.

Until Judge Buschman does approve a settlement, the collateral will remain tied up in the legal proceedings, and neither Bradford Trust nor the school districts will be able to get their hands on it.

About the only piece of good luck Bradford Trust seems to have had in the past few months is that it was not mentioned as having had any involvement in the collapse of Bevill, Bresler and Schulman Asset Management Corp., another government securities dealer. BBS announced in April that it, too, was filing for protection under Chapter 11 of the Bankruptcy Code.

Bradford was not named in any reports of the filing because it had "sold" its account relationship with BBS to Security Pacific Clearing and Services Co. under an agreement signed one month earlier.

As a result of the deal it struck with Security Pacific and signed March 7, Bradford Trust is out of the government securities clearing business altogether.

"Thank God for that," said Alan Winters, president and chief executive officer of Fidata Corp. But while Bradford (or Fidata) might be out of the government securities clearing business, it is not yet out of hot water.

The New York-based institution's earlier attempt to find a niche for itself as a clearing agent to secondary-market government securities dealers has left it with many lawsuits on its hands and has tied up a large part of its assets in a seemingly interminable legal wrangle.

Aside from the New York school district suits, the City of Harrisburg, Pa., filed in federal court for recovery of $3.7 million in government securities allegedly purchased from ESM, charging Bradford with violations of federal securities laws and common law fraud. Dauphin County, Pa., also a customer of ESM Government Securities, sued Bradford alleging that in liquidating securities, it wrongfully converted the county's securities, which it held as custodian and agent, or alternatively, Bradford negligently and carelessly violated a duty which, as agent for ESM, it allegedly owed to the county.

Another lawsuit is threatened by Thomas Tew, trustee for the creditors of ESM Government Securities of Fort Lauderdale, Fla.

Mr. Tew has said he is considering a suit against Bradford, once again to resolve for the contested ownership of the collateral.

"I just don't know why New York state allows Bradford to continue under these circumstances. It just baffles me," said George Gasser, treasurer of Saratoga County in upstate New York. The county is fighting Bradford for ownership of some $4.5 million in collateral for repurchase agreements it had done with Lion Capital.

But lawyers for Bradford Trust maintain investors like Mr. Gasser have only themselves to blame, and that Bradford Trust has no responsibility to the customers of its clearing clients.

Mr. Gasser has said he was sent letters of confirmation that the county's securities were being held in segregated accounts for them at Bradford Trust.

He admits, however, that those confirmation slips were sent by Lion Capital — on Lion Capital stationery — and not by Bradford Trust.

Lion Capital's customers have never produced evidence that Bradford Trust had ever been instructed by Lion Capital to segregate securities.

In a recent news release, a Fidata Corp. spokesman expressed surprise that Mr. Tew, the ESM trustee, would even consider suing Bradford for not segregating securities in broker/dealer accounts.

"While the trustee apparently intends to claim that the securities liquidated were customer securities, Bradford received no instructions from these customers or from ESM to deliver or hold the securities for the benefit of customers," the statement said.

"Bradford believes that in actuality these

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Notes

Direct deposit pushed

WASHINGTON — The Department of Treasury's financial management service is conducting a campaign to raise participation in its direct deposit program.

The Treasury intends to boost the direct deposit program, which routes government payments through the automated clearinghouse — an electronic payments network operated among member banks.

The government will be advertising on television and in magazines to drive the message home.

According to a news release, this year's campaign marks a shift from building public awareness about the program to urging check recipients to enroll in the direct deposit program.

Asset flows watched

HOLLISTON, Mass. — Money market asset flows followed interest rates from September 1984 to April 1985, according to a report in the April edition of the Money Fund Report.

The volatile capital flows into and out of institution-only money funds in particular, seem to be related to the level of interest rates.

From September 1984 through January 1985, the assets of taxable money funds increased almost $38 billion, a 22% increase, according to the newsletter, published by the Cash Management Institute.

When interest rates showed signs of going back up, institutional investors, which were the first to return to money funds last fall, also were the first to leave.

"During the 11-week period from Jan. 15 to April 2, 1985, $10.4 billion (19.6%) left the institutional money funds," according to the report.

"Some of these money funds have had asset outflows of 30% since Jan. 15."

The reason cited: higher returns directly in the money market.

Less savvy individual investors did not follow the institutional investors example, it seems. An out-

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Payden & Rygel index of short maturity assets*
(for month ending April 30, 1985)

	Quarter Ending 3/31/85	April 1985	Quarter to date	Year to date	Yield level monthly change*
	Annualized total returns				
90 Day					
U.S. Treasury bill	8.24%	9.15%	9.15%	8.51%	−33
Domestic C.D.	8.26	9.68	9.68	8.67	−45
Eurodollar C.D.	8.39	9.65	9.65	8.75	−35
180 Day					
U.S. Treasury bill	8.28	11.39	11.39	9.12	−44
Domestic C.D.	7.82	11.51	11.51	8.80	−52
Eurodollar C.D.	8.22	11.34	11.34	9.06	−45
1 Year					
U.S. Treasury note	8.35	14.53	14.53	9.97	−50
2 Year					
U.S. Treasury note	7.30	20.94	20.94	10.81	−52

*Figures are annualized total returns. Quarter-to-date and year-to-date figures linked monthly. 90 and 180 Day Treasury bill yield level changes on discount basis.
*Basis points.

Source: Payden & Rygel, Los Angeles, Calif.

Trendlines reversed

The yield level trendlines were reversed in the Payden & Rygel Index of Short Maturity Assets graph that appeared in the April 29 issue of *Pensions & Investment Age*.

The trendline for the two-year Treasury note was tagged for the three-month Treasury bill and vice versa; the trendline for the six-month Treasury bill was tagged as the one-year Treasury note trendline and vice versa.

The total return bar charts for the fourth quarter of 1984 were correct.

Merrill Lynch clients benefit from ACH

By Fred Williams

A nationwide electronic transfer service, developed jointly by Merrill Lynch, Pierce, Fenner & Smith Inc. and Mellon Bank, allows some high-dollar Merrill Lynch clients to benefit from the giant financial services firm's newly gained access to the automated clearinghouse network.

Walter Veghte, Merrill Lynch assistant vice president for electronic financial services marketing, said the system would not have been possible without a successful relationship with a banking partner in order to gain access to the ACH.

Mr. Veghte explained the system to banking and financial representatives at the 10th annual conference of the National Automated Clearing House Association here last month during a discussion of methods for augmenting the use of the ACH network by banks and financial institutions, especially those with regular recurring payment requirements.

The Merrill Lynch direct transfer service, or electronic credit collection service, was made available to the firm's Cash Management Account customers about a year ago, Mr. Veghte said. Merrill Lynch has approximately 20,000 such customers and a monthly inflow of about $35 million, he said.

The Cash Management Account is a specialized package of services offered to Merrill Lynch customers in the higher-income brackets and includes check writing and VISA card services along with a brokerage account and a money market fund.

The direct transfer service allows payroll, pension, Social Security or other federal payment checks to customers to be automatically credited to their accounts through Mellon and the ACH network.

"The direct transfer service will help Merrill Lynch by bringing more funds under management, and at the same time, it lowers our processing costs," said Mr. Veghte.

Eileen Steigleder, assistant ACH product manager at Mellon Bank said the service is in keeping with the bank's policy of electronic funds transfer and ACH services technology innovation.

"From Mellon's perspective, we saw the potential for a creative, dynamic and innovative ACH transaction service. In addition, it encourages increased use of the automated clearinghouse system nationwide," she said.

The electronic credit collection service provided by Mellon also is suitable for mutual funds and others in the brokerage community, she said. Merrill Lynch was the first customer.

Mr. Veghte said the direct transfer service was "revolutionary for us, since we didn't have access to the ACH network."

In seeking a banking partner Merrill Lynch was looking for an institution that would capture all items daily, edit and handle return items, provide settlement transactions with regional ACH institutions and transmit all items for posting the following day.

"We selected Mellon for its processing ability, its perceived expertise in cash management services, for its commitment and for price," said Mr. Veghte.

The direct transfer service offers Merrill's CMA customers the convenience of eliminating paper checks while "maximizing earnings power" by moving payments electronically to their accounts.

Ms. Steigleder said the electronic credit collection system "paralleis somewhat a corresponding banking relationship."

"Mellon bank receives ACH credit transactions from the Cleveland Federal Reserve acting as the agent of TRISACH (Tri-States Automated Clearing House), our regional ACH," she said. "Some of these credits are destined, not for accounts held by Mellon Bank, but for Merrill Lynch Cash Management Accounts.

These credit transactions represent recurring salary and pension payments originated by either private corporations or government entities.

"Mellon's system identifies these transactions as being destined for Merrill Lynch. They are then pulled into a special processing stream, which then releases the

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Pensions & Investment Age

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S. African divestiture momentum grows

By Trudy Ring and Eddy Christman

Two political heavyweights, New York Gov. Mario Cuomo and Los Angeles Mayor Tom Bradley, are among those backing divestiture of South Africa-related stocks by public pension funds as two states and two cities have jumped on the divestiture bandwagon.

Mr. Cuomo, who often has been mentioned as a leading contender for the Democratic presidential nomination in 1988, said he would propose legislation aimed at eliminating the ties between New York state and companies doing business in South Africa.

Mr. Bradley has called for Los Angeles' three pension funds to divest themselves of stocks in companies doing business in South Africa.

Meanwhile, a Chicago City Council member has put together a divestiture resolution that is scheduled to come before the council's Finance Committee soon, while in New Jersey, the state Assembly has approved a bill that would require the state to divest. The New Jersey bill is now in a state Senate committee.

If apartheid still exists in South Africa in 1990, Mr. Cuomo's legislation would require state pension funds to sell off all stock in companies doing business in that country.

Preceding Mr. Cuomo's proposal by a day was the announcement that New York Assembly Speaker Stanley Fink also would submit a bill proposing the use of state pension fund assets against South Africa.

The New York State Teachers fund, which has assets totaling $13 billion, holds $2.65 billion worth of stock in 136 companies doing business in South Africa. The Common Fund, which has assets of approximately $23 billion, reportedly has $2.5 billion in equity holdings of such companies.

Under Mr. Cuomo's program, divestment would take place in phases over five years.

Unlike the governor's proposal, Mr. Fink's bill includes the divestment of short-term fixed-income holdings by Jan. 1, 1986, and long-term holdings by Jan. 1, 1991, said David Langdon, a spokesman for the assemblyman.

The fixed-income holdings for the teachers' fund are $365 million in corporations doing business in South Africa, a spokesman said.

Spokesmen for Messrs. Fink and Cuomo agreed the assemblyman's proposal was more comprehensive, but expressed confidence a compromise could be worked out. Both bills include other sanctions against South Africa.

In the past few years, several bills concerning the use of pension funds to fight apartheid have been submitted to the New York Legislature only to disappear. However, none carried a gubernatorial stamp.

Messrs. Cuomo and Fink went public with their respective proposals to use pension fund assets to fight apartheid while state Controller Edward V. Regan, sole trustee of the Common Fund and in the past a vociferous critic of such a policy, reportedly was out of the country.

When Mr. Cuomo made his ini-

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Los Angeles Mayor Tom Bradley, left, and New York Gov. Mario Cuomo have thrown their weight behind the move for divestiture.

Conrail's Beacon Park Yard, Boston: Morgan Stanley & Co. claims its purchase plan gives Conrail ESOP participants a better deal.

Morgan Stanley calls its Conrail plan better

By Joel Chernoff and Trudy Ring

Morgan Stanley & Co. Inc. said its proposal to purchase the U.S. government's 85% interest in Conrail Corp. would give participants in Conrail's employee stock ownership plan a better deal than a rival offer by Norfolk Southern Corp.

However, Shearson Lehman Brothers Inc., financial adviser to Norfolk Southern, responded that the Morgan Stanley proposal does the opposite.

Morgan Stanley, which represents an investor group including pension and endowment funds, said its May 14 proposal would permit participants in Conrail's ESOP to keep their shares or turn them in for $48 per share. If all the shares were redeemed, participants would receive $212 million.

That offer compares favorably with a reported Norfolk Southern proposal to purchase the 4.4 million shares in the ESOP for $17 each, or $75 million, Morgan Stanley said.

However, Norfolk Southern said it never has used those figures, adding the method for valuing the

Continued on page 63

Closed-end realty fund units sold

American Express terminates

By Mark Westerbeck

American Express Co., the first U.S. company to start a pension plan, is terminating its $198.5 million corporate pension fund to recapture $90 million in excess assets.

American Express also is terminating the $295 million Fireman's Fund American Retirement Plan to recapture $120 million (*Pensions & Investment Age*, April 29).

The terminations prompted an unusual real estate transaction, when the jointly trusteed plans sold shares of an established closed-end commingled real estate fund to two other pension funds to recapture assets during the terminations.

A notice of intent to terminate the Fireman's Fund plan was filed March 8 with the Pension Benefit Guaranty Corp.; a notice was filed April 19 for the American Express Funded Pension Plan. Both received 90-day extensions to submit full reports.

A spokeman for American Express said annuity contracts are being purchased to maintain the benefits each employee accrued through April 30. The old plan was replaced May 1 "with a new plan in the same structure," the spokesman said.

A spokesman for Fireman's Fund also said the retirement plan "will stay the same."

Meanwhile, members of the firms that organized the $17 million real estate transfer emphasized its uniqueness; closed-end funds are marketed as long-term, illiquid investments.

Until now, only open-end commingled real estate funds have felt the pressure to meet the growing liquidity needs of some pension funds.

The buyers of American Express' share — the Employees Retirement Fund of the City of Fort Worth, Texas, and the Carpenters Trust of Western Washington, Seattle — are both first-time property investors. They were able to invest in LaSalle Advisors Inc.'s first fund, a fully invested closed-end fund with a four-year track record.

The property portfolio is known and won't change or grow, as it would in an open-end fund or in a new closed-end fund moving from the capital acquisition stage to the property acquisition stage.

Continued on page 59

Allied, Signal assets to get close review

By Alan Krauss

MORRISTOWN, N.J. — A thorough re-examination of the asset allocation and investment of more than $4.7 billion in pension, profit-sharing and thrift assets will follow the planned merger of Allied Corp. and the Signal Cos.

Executives at both Allied and Signal said it is too early to determine the ultimate impact of the recently announced merger on the employee benefit plan investments.

However, Andrew J. Chitea, Signal senior vice president, said that while no specific course of action regarding pension assets of the merged company, to be called Allied Signal Inc., has yet been formulated, a re-examination of those assets will take place.

"We plan to rebuild the cash supply of Allied Signal Inc.," Mr. Chitea said.

But terminating a pension plan and using excess assets to fatten the corporate coffers is not in the game plan, he said. "They're overfunded, and we didn't do any reversion, and don't plan to ... Just because the plans are overfunded doesn't mean you have to terminate them."

"Most certainly, pension fund assets will be affected. I can't give specifics, but I can say that pension assets and benefits, and allocation of assets, will be re-examined.

"This is not a case of one and one

Continued on page 58

Late news

Desai loses staff

NEW YORK — Desai Capital Management, with about $200 million in tax-exempt assets, lost virtually its entire investment team in a walkout that sources said was financially motivated.

Ron Sellers, Art Barry and Bob Cresei, who had been brought into the year-old investment firm by founder Rohit Desai, left.

Only Mr. Desai, who did not return phone calls, remains at the firm.

Mr. Sellers declined to specify what led to the exodus.

Trustees to pay fund

OCEANSIDE, Calif. — Eleven trustees of the $60 million Orange Belt Painters Pension Plan, repre-

Continued on page 2

Directory

PI DC2001◆STATLR FMPJ M
STATISTICAL REFERENCE INDEX
4520 EAST-WEST HWY SU 800
WASHINGTON DC 20014

6

Herbert Smith, Eugene Sit and Dennis Larkin, left to right, are among managers expecting better fixed-income opportunities.

Fixed income seen as more attractive

By Fred Williams

A growing number of equity and balanced managers are dusting off their fixed-income investment capabilities to capitalize on the increasing interest by pension fund executives in fixed income.

The firm mentioned most frequently by consultants and other managers as the most successful fixed-income start-up from scratch is Neuberger & Berman Pension Management, New York. That firm formed its fixed-income group offering active management of limited maturity fixed-income securities in March 1984.

Neuberger & Berman has attracted $1.1 billion to its fixed-income portfolios during that time.

More commonly, equity managers that have reached a certain size of equity assets under management are adding fixed income. Others may have had some success with fixed-income investments in balanced portfolios and now are starting to market that record.

Ann Wohler, a consultant with Callan Associates Inc., San Francisco, said several balanced managers without any previously fixed-only strategy "all of a sudden have found themselves with a good per-

Continued on page 60

In effort to boost liquidity

LTV may defer contribution

By Fred Williams

DALLAS — The LTV Corp. is planning to seek Internal Revenue Service authorization to defer a $180 million pension contribution to help improve overall corporate liquidity.

The financially troubled company will seek a waiver on payments to several pension plans connected with its steel business for plan year 1984.

The contribution deferral is one component of an overall restructuring of its loss-plagued steel operations that will include a divestiture and joint venture program designed to generate up to $500 million in cash during the next 18 months.

LTV has reported nearly $484 million in net losses since it acquired Republic Steel Corp. last summer and nearly $700 million in the past three years.

George Simon, director of benefit accounting and administration at LTV, said the affected plans were "the principal plans" of LTV Steel Corp., with assets of about $2 billion, the lion's share of the company's total pension assets of $2.9 billion.

The deferred amount "will be amortized with interest over a 15-year time period, like a mortgage payment, with level payments each year for up to 15 years," he said.

He said LTV will undertake the deferral with the level payment process in mind, but should LTV's financial picture improve, the company would have the option of completing the full payment.

The payments will be in addition to each year's pension contribution as they come due, he said.

"At this point in time, we are looking at obtaining a waiver, and we really haven't gotten beyond that point. Assuming everything remains equal, we will have a $180 million payment again next year, plus one year's amortization of this year's deferral," he said.

LTV made a non-cash contribution of its own debentures and preferred stock to its pension plans for three consecutive years. The last LTV non-cash contribution of its securities was last year, when it put $33 million principal amount of 14% sinking fund debentures into the Jones & Laughlin Steel Inc. pension fund. Jones and Laughlin was consolidated with Republic in December 1984 into LTV Steel Corp.

Mr. Simon said non-cash contributions were made in the past in conjunction with public offerings of LTV securities. A non-cash contribution was not an option because the company has had no public financing this year.

"Some companies have done special issues, we have not selected that route," he said. "One way of doing things is to develop an issue and put it into the plan as opposed to making it a part of a public offering as we have.

"Those contributions have worked well for us because we have sold them back out again. It's a very effective way to get cash back into the plan."

Mr. Simon declined to reveal the specific funding status of the steel plans but noted figures from disclosure documents showing the steel plans with vested benefits totaling about $2.6 billion, non-vested benefits of $173 million and assets total-

Continued on page 60

Stocks reflect plan funding

CAMBRIDGE, Mass. — Corporate managers and shareholders will benefit if they fund pension plans as fully as possible, a new study suggests.

The study confirms, by using a different technique, earlier research showing the stock market recognizes unfunded liabilities in its pricing of company stock. It was conducted by Jeremy Bulow, a professor at the Stanford University Graduate School of Business; Randall Morck, a researcher at the National Bureau of Economic Research, Cambridge; and Lawrence Summers, a professor of economics at Harvard University.

According to the study, which was published by the National Bureau of Economic Research, "the stock market valuation of firms reasonably accurately reflects their pension funding situations."

The authors added, "Our results provide no support for the notion that investors ignore pension liabilities in valuing firms."

They noted the conclusion was reached using alternative methodologies and data from several different years "and so is reasonably robust."

In one test, the authors examined the impact of unexpected changes in nominal long-term interest rates on otherwise similar companies with different pension liabilities.

The firm with the greater pension liabilities should do better in the market than the firm with the smaller liabilities because of the greater capital gain it experiences as the higher interest rate unexpectedly erodes the value of long-term obligations.

The authors used data for the 36-month period between January 1979 and December 1981, examining 200 firms in 1979, 470 firms in 1980 and 400 firms in 1981.

The results confirmed the hypothesis that the market impact of interest rate changes would be greater for companies with large unfunded liabilities than for those with smaller unfunded liabilities.

The results showed a firm with unfunded liabilities equal to 10% of equity value would experience a 0.3% rise in market value for a 1% increase in the interest rate.

The authors said the results also suggest that for weak companies with large relative unfunded liabilities, the availability of the possibility of terminating the plan and "putting" the unfunded liability to the Pension Benefit Guaranty Corp. also influences the market valuation of pension liabilities. ■

Questionnaires can be ordered

The questionnaires for *Pensions & Investment Age*'s annual International Investment Managers Directory, to be published in late June, have been mailed. If your firm has not yet received one and wishes to be included in this ranking of international and global investment management firms, please contact Donna Boscarino in New York at (212) 649-0298.

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Late news

Continued from page 1

senting seven union locals, will pay $985,000 back to the plan under a consent order filed in a lawsuit in which the Labor Department claimed the plan has made below-market mortgage loans. Former trustee John Gonzales was enjoined from undertaking fiduciary responsibilities for five years.

Chicago Title sold

CHICAGO — Lincoln National Corp., Fort Wayne, Ind., has agreed to sell Chicago Title & Trust Co. to Alleghany Corp., New York. Terms of the sale are being negotiated, but Lincoln National will receive $60 million in cash and a six-year, $68 million note bearing a market rate of interest, officials said.

An Alleghany spokesman said no change is expected in investment management at Chicago Title & Trust.

State expands fund

LINCOLN, Neb. — The governor has signed into law a bill requiring all but two counties — which have their own retirement plans — to join the $121 million Nebraska State Retirement System by Jan. 1, 1987.

Fraenkel is chairman

NEW YORK — Francis Fraenkel, a Shearson Lehman Brothers Inc. senior executive vice president, has been named chairman and chief executive officer for Lehman Management Co., replacing Henry Breck. Mr. Breck will remain in a yet-to-be determined capacity. Also, senior portfolio managers C. Charles Hetzel and Colman Brandt have been named vice chairman and president, respectively.

Fed issues standards

NEW YORK — The Federal Reserve Bank of New York issued voluntary standards of capital adequacy for dealers in U.S. government securities not supervised by federal authorities.

The measures include some modifications to the proposed guidelines published by the Federal Reserve Bank last February.

The guidelines recommend a dealer's liquid capital should always exceed its measured risk by 20% and establish formulas to estimate possible risk in an adverse market.

White settles claim

CLEVELAND — A bankruptcy court here approved payment of $15.2 million by White Motor Corp. to the Pension Benefit Guaranty Corp. to settle the agency's pension claims against the company. The payment is the largest single cash settlement in the PBGC's history.

Late money movers

• SACRAMENTO — The California State Teachers Retirement System has taken a 95% share in a joint venture valued at more than $140 million that has acquired a 29-building portfolio of Silicon Valley research and development properties. The deal was almost all cash.

• DETROIT — The Skillman Foundation has hired Lazard Freres Asset Management, New York, to run a $30 million equity portfolio. The Lazard account will serve as a core equity portfolio, according to Leonard Smith, president of the foundation.

• RICHMOND, Va. — The A.H. Robins Inc. pension fund, with more than $60 million in assets, made its first investment in equity real estate by putting $9 million into Prudential Asset Management Inc.'s large open-end fund PRISA. Senior Vice President G.E.R. Stiles said the contribution came from a redeployment of assets out of equities and new contributions.

• CHICAGO — Heitman Advisory Corp. has brought a closed-end group trust it manages for pension accounts and an unnamed pension fund it advises directly into a joint venture with JMB Realty Corp. to buy 50% of Water Tower Place, the prestigious mixed-use property on Chicago's Near North side.

Mafco, the real estate subsidiary of Marshall Field & Co. that sold the 50% stake, had been offering its share for $70 million when it was on the block this spring. The deal closed in March.

• PITTSBURGH — Allegheny International Inc. reportedly has hired Lehman Management Inc., New York, for special equity management. The amount of the allocation could not be determined.

Jury still out on trade-cost factors

By Joel Chernoff

The quality of execution on trades varies greatly by broker, but it is unclear if cost variances hinge on whether the broker is a top Wall Street firm or a regional or discount broker, recent studies show.

The studies do not necessarily conflict with an SEI Corp. study that found leading houses enjoy an average 3.4 cents-per-share advantage over smaller houses (*Pensions & Investment Age*, April 15). However, they suggest the issue is not settled.

"The jury is still out on that one," said Stephen Berkowitz, co-author of a recent study prepared for the Department of Labor.

The studies are part of a heated controversy on whether institutional investors are receiving "best execution" on their trades directed to second-tier brokers. Some of the brokers then pay for research or other services provided to pension funds or their money managers, or rebate some of the commission dollars to the pension fund. The brokers' payments for the services are known as "soft-dollar" payments.

The issue has caused traditional full-service brokerage houses to draw battle lines against the smaller brokers in the war for the institutional commission dollar.

Moreover, the Securities and Exchange Commission and the Labor Department have entered the fray over whether certain types of soft-dollar payments are legal.

According to preliminary results by a Labor Department-commissioned study, brokerage costs, when adjusted for market impact, are significant and should not be ignored by plan sponsors.

Assuming a 50% portfolio turnover rate, transaction costs could reduce portfolio performance by 30 basis points, the study estimated.

The study was based on data on 45,233 purchases worth nearly $8 billion and 28,303 sales worth almost $7 billion that were monitored by State Street Bank and Trust Co. of Boston. The bank monitored 175 funds with $15 billion in assets.

The study found costs varied significantly based on the broker involved, said Mr. Berkowitz of Berkowitz, Logue & Associates, a Columbia, Md., consulting firm. The results are part of a larger project on pension fund investment performance commissioned by the Labor Department.

However, the authors have not yet obtained satisfactory results on whether the type of broker has an impact on the cost of trading.

The data are skewed because many transaction slips indicate the broker that performed the clearing, but not the execution, Mr. Berkowitz explained. Regional brokers, for example, sometimes use a major Wall Street firm to clear their trades.

The preliminary results also show that transaction costs for sales of securities are more expensive than purchases.

For Standard & Poor's 500 trades, the mean commissions for both purchases and sales were virtually identical at 8.3 cents per share. But the mean execution cost was 3.6 cents per share for purchases, while hitting 8 cents per share for sales.

A separate study conducted for Capital Institutional Services, a Dallas firm that offers third-party services or discount commissions for its clients, found the firm provides equally good execution as full-line firms.

The CIS study was performed by Rollyn Hoffman, president of R.J. Financial Associates of Boston.

Unlike the SEI and Labor Department studies, the CIS work did not try to assess the market impact of a trade — that is, evaluate the effect that trades had on subsequent transactions.

Instead, it compared CIS-executed trades made on the same day with the same stocks to those made by 20 other brokers.

The trades were made on the behalf of five pension funds during the 13-month period between Jan. 1, 1984, and Jan. 31, 1985.

During that period, 148 of more than 2,000 trades were made on the same day in the same issue. The trades mostly involved large companies.

Based on that data, the study found that CIS had a better price on 61 trades, a worse price on 63 and the same price on 24.

Without equalizing the price, the other brokers enjoyed a half-cent per trade advantage over CIS on a trade-weighted basis. When both CIS and the other brokers were on the same side of the trade, the brokers' cost advantage grew to nearly 1.8 cents per trade.

Equalizing the price, by calculating the results based on $100,000 invested in each trade, supported those results. The other brokers maintained a 0.6 cents per share advantage for all trades, and a 0.3 cents per share edge when CIS and the other broker were on the same side.

The SEI study, which was commissioned by Donaldson, Lufkin & Jenrette and Goldman, Sachs & Co., used a method that compared the transaction price of a stock to subsequent trades and adjusted for the stock's liquidity and the size of the transaction.

While there is nothing wrong with this methodology, the SEI study gave comparisons of Group I and Group II brokers without saying how great a difference in performance was shown by the individual brokers, noted Jerome Valentine, a financial consultant who evaluated the CIS study.

Thus, there is substantial overlap in performance between the two groups, he found.

According to his calculations, 28.8% of the Group II brokers beat the Group I average.

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Corrections

- **Prudential Asset Management** inadvertently was omitted from the listing of the 25 largest GIC managers in the May 6 issue. Prudential Asset reported GICs at $4.5 billion, which makes the firm the sixth largest GIC manager in the directory.
- The tax-exempt assets of **Manning & Napier Advisors** of Rochester, N.Y., were listed incorrectly in the May 6 manager ranking. As reported in the firm's profile, the tax-exempt assets totaled $1.1 billion.
- **ASB Capital Management** is mainly a balanced manager. Its focus was reported incorrectly May 6.
- The asset mix for **Northern Trust Co.**'s commingled accounts in the May 6 issue should have read 50% stocks, 40% bonds and 10% cash.
- The number of tax-exempt clients for **J.P. Morgan Investment Management Inc.** in the May 6 directory should have read 451.
- **Fiduciary Management Associates**, while profiled in the May 6 issue, was omitted from the ranking of managers by tax-exempt assets. The firm, with $275 million in tax-exempt assets, ranked 397th.
- In the **PIPER** fixed-income report May 13 the performance figures for the latest quarter and 12-month period were not annualized. The performance figures were annualized only for the 3-, 5- and 10-year periods.

Corporate Finance

Merrill leads '84 capital rankings

By Marci Baker

NEW YORK — Merrill Lynch & Co. continued to lead all other investment houses in capital position in 1984, while Van Kampen Merritt Inc., the runner-up among regional firms, reported the largest percentage gain in capital from the previous year.

According to figures compiled by the Securities Industry Association for its upcoming 1985-86 Yearbook, Merrill's capital increased 9.4%, to $2.2 billion, between Jan. 1, 1984, and Jan. 1, 1985.

Naperville, Ill.-based Van Kampen's capital position, however, skyrocketed 236% during the same period, to $170.6 million from $50.8 million, as a result of its purchase by Xerox Corp. That increase also resulted in the firm's rise to 20th

Continued on page 16

Goodyear, American Express sub

Yen-based bonds again draw U.S. firms

By Marci Baker

Two major U.S. companies have opted to turn to yen-based financing instruments, breaking several months of inactivity in that arena.

The Goodyear Tire & Rubber Co., Akron, Ohio, one of the first U.S. issuers of Euroyen bonds last December, completed its second 10-year bond offering earlier this month that, at 25 billion yen, or about $100 million, was double the size of its first issue.

In addition, American Express Co., New York, announced its subsidiary, American Express Overseas Finance Co., has filed with the Japanese Ministry of Finance to issue 10 billion yen, or approximately $40 million, in Samurai bonds as part of efforts to build relationships and raise visibility in the Japanese marketplace. Its offering will be the first issuance of yen bonds in Japan by a foreign financial services company and the sixth offering overall by a U.S. corporation.

Samurai bonds are unsecured yen-denominated financial obligations issued in Japan by foreign corporations, sovereign governments and international development agencies.

The Goodyear offering followed a three-month absence of Euroyen offerings by U.S. issuers.

About 15 companies had stepped up to offer almost $1.5 billion in these securities after the Ministry of Finance allowed highly rated U.S. issuers to enter the Euroyen market Dec. 1. Activity stalled two months later when the availability of bargain-basement swaps on the transactions dried up, the market became saturated and many issues began trading outside of commissions. (*Pensions & Investment Age*, Feb. 18).

Investment bankers initially thought the latest Goodyear deal, which was lead-managed by Daiwa Europe Ltd., offered more of the same. The 7⅛% bonds were offered at par and almost immediately traded outside of commission (i.e. the price of the bonds dropped).

Since then, however, the issue has come back, reflecting the improved value of the yen, according to bankers. "The deal looks better than it did a couple of weeks ago," said one.

It looks very good to Goodyear. The bonds offered an interest rate slightly higher than the 6¾% offered on the company's first Euroyen deal. However, Goodyear converted this new issue into dollars in a swap transaction priced off of 10-year Treasuries, a company official said. At the time of issuance, the Treasury rate was about 11.4% and the official said Goodyear got something less than 12% on its swap.

"When you borrow at a rate that is close to what the U.S. government does, it's hard to pass up," a Goodyear spokesman said.

Goodyear's Euroyen offering is part of a $200 million to $300 million long-term financing program to reduce its short-term debt portfolio. Its credit arm, Goodyear Financial Corp., is running a $380 million to $480 million commerical paper position.

"We don't like to have too big of a commercial paper position," the official said. "When it gets close to $400 million, we like to replace that with long-term, fixed-rate debt."

Although the attractive hedging and pricing opportunity were key motivations in Goodyear's decision to turn to Euroyen bonds a second time, the company had another reason for seeking to raise capital overseas.

The Securities and Exchange Commission is questioning some foreign payments made by employees on behalf of Goodyear.

"There was some reluctance to attempt an offering in the public markets here (during the investigation)," the official said.

Goodyear is planning to raise capital domestically in the next couple of weeks to wrap up its financing program, but it will do so through two private placements of

Continued on page 16

New issues of corporate securities

April 29 — May 10, 1985

Issue date	Company	Amount ($ mil.)	Type of security	Offering price Debt (%) Share ($)	Gross spread as % offer price	Where traded (to list)	Managers
Debt							
5/8	Staley Continental	350.00	Cvt. Note	25.00%	3.500	NY	Merrill Lynch Capital Markets
5/6	Textron	150.00	Sub. Note	99.41%	.704	NY	Morgan Stanley/Kidder Peabody/Salomon Brothers
5/3	Coast Savings & Loan Assoc.	150.00	Capital Note	96.26%	3.117	OTC	Drexel Burnham/Goldman, Sachs
5/8	Denmark	105.30	Flt. Note	100.00%	.500	LUX	Salomon Brothers
5/6	Textron	100.00	Sub. Deb.	99.80%	.877	NY	Morgan Stanley/Kidder Peabody/Salomon Brothers
5/2	Rio Grande Industries	100.00	Sr. Sub. Note	100.00%	2.000	OTC	Morgan Stanley
4/30	American Southwest Financial	93.71	GN-FH CMO	99.47%	.653	OTC	First Boston/Goldman, Sachs/Morgan Stanley
5/2	Rio Grande Industries	80.00	Sub. Deb.	100.00%	2.250	OTC	Morgan Stanley
5/10	First Fidelity Bancorp	50.00	Extendable Note	99.75%	.702	OTC	Goldman, Sachs/Ryan, Beck & Co.
5/7	Equitable Life Leasing*	50.00	Medium Note	100.00%	.078	OTC	Merrill Lynch Capital Markets
Common Stock							
5/6	USF&G	157.80		$32.87	3.56	NY	Goldman, Sachs
4/29	Echlin	113.10		$25.12	4.18	NY	Goldman, Sachs/Shearson Lehman Brothers
4/30	Federal National Mortgage	111.10		$15.87	3.34	NY/MW/PC	Dillon Read/First Boston/Goldman/Merrill/Salomon/Nomura
5/9	Highland Superstores	103.60		$18.50	5.50	IPO	Goldman, Sachs/E.F. Hutton
5/2	Intergraph	87.60		$54.75	2.59	OTC	Salomon Brothers/Robinson-Humphrey Co.
5/9	Bethlehem Steel	82.50		$16.50	3.00	NY	Salomon Brothers
5/2	Polaroid	69.00		$27.00	3.70	NY/PC	Shearson Lehman Brothers
5/9	Applied Data Research	32.30		$32.25	4.87	NY	Dean Witter Reynolds
5/8	American Health	25.60		$10.25	6.83	IPO	First Boston Corp.
5/2	Greenman Bros.	24.00		$24.00	5.00	AM	Smith Barney, Harris Upham & Co.
Preferred							
5/8	Glenfed Finance II	75.00	Cvt. Preferred	$500,000.00	1.75	OTC	Shearson Lehman/Goldman/Merrill/Salomon
5/3	Federal Paper Board	75.00	Preferred	$25.00	3.60	NY	PaineWebber/First Boston
IPO							
4/29	Rada Electronic Industries	5.00		$2.50	10.00	IPO	Rooney Pace Inc.
5/1	Realty South Investors	22.00		$20.00	8.00	IPO (AM)	Prudential-Bache Securities
5/2	Oshkosh B'Gosh	19.70		$25.00	6.80	IPO	William Blair & Co.
5/3	Digital Transervice	6.00		$2.00	10.00	IPO	S.D. Cohn & Co.
5/8	Americare Health	25.60		$10.25	6.83	IPO	First Boston
5/8	Sbarro	11.90		$10.37	7.23	IPO	Prudential-Bache Securities
5/9	Centrust Savings Bank	15.00		$7.50	7.00	IPO	Drexel/Salomon/Bear Stearns/Pru-Bache/Intl. Bank of Paris
5/9	Highland Superstores	103.60		$18.50	5.50	IPO	Goldman, Sachs/E.F. Hutton
5/10	Nichols Institute	8.30		$6.00	7.50	IPO	L.F. Rothschild, Unterberg, Towbin

Source: Securities Data Corp., New York
**Competitive*

Flt.: Floating Rate
Cvt. Convertible
GN-FH CMO: Ginnie Mae/Freddie Mac collateralized mortgage obligation
Sub.: Subordinated

AM: American Stock Exchange
IPO: Initial Public Offering
LUX: Luxembourg
NY: New York Stock Exchange
OTC: Over the Counter
MW: Midwest
PC: Pacific

Capital positions of investment banking firms*
($ thousands)

Rank	Firm	Jan. 1, 1985	Jan. 1, 1984
1.	Merrill Lynch & Co. Inc.	$ 2,214,574	$ 2,023,731
2.	Shearson Lehman Brothers Inc.	1,896,000	1,056,555
3.	Salomon Brothers Inc.	1,576,800	1.268,693
4.	Dean Witter Reynolds Inc.	1,237,046	964,656
5.	The E.F. Hutton Group Inc.	1,019,886	746,480
6.	Goldman, Sachs & Co.	859,000	712,000
7.	First Boston Inc.	658,921	424,447
8.	Prudential-Bache Securities Inc.	617,852	493,427
9.	PaineWebber Group Inc.	564,455	449,606
10.	Drexel Burnham Lambert Group Inc.	561,183	407,359
11.	Bear, Stearns & Co.	500,000	420,000
12.	Morgan Stanley & Co. Inc.	355,256	274,447
13.	Stephens Inc.	320,103	275,598
14.	Donaldson, Lufkin & Jenrette Inc.	310,863	337,866
15.	Kidder, Peabody & Co. Inc.	307,416	227,801
16.	Thomson McKinnon Inc.	243,481	214,079
17.	Smith Barney Inc.	207,000	203,000
18.	Spear, Leeds & Kellogg	205,000	203,000
19.	A.G. Edwards & Sons Inc.	176,082	174,257
20.	Van Kampen Merritt Inc.	170,597	50,751

Source: Securities Industry Association
*Capital is defined as the sum of shareholders' equity and subordinated debt

Merrill has capital lead . . .

Continued from page 15
place in the overall rankings from 38th, one of only two regional firms to place among the top 20.

(The SIA defines regional firms as those based outside New York and not national full-line firms.)

The SIA has compiled data on 356 investment houses across the country, of which 208 are regionals. The aggregate capital position, defined as the sum of shareholders' equity plus subordinated debt, of these firms grew 24.5% during the year to $18.5 billion from $14.8 billion.

The bulk of that capital represents that of the top 20 firms, however. Their combined capital increased 28.1% during the year, to $14 billion from $10.9 billion.

Other big percentage gains among the top 20 were won by Shearson Lehman Brothers Inc., which jumped 79.5%; First Boston Corp., 56.9%; Drexel Burnham Lambert Group Inc., 37.8%; and The E.F. Hutton Group Inc., 36.6%.

Shearson's capital gain to $1.9 billion unseated Salomon Brothers, which held that spot at the start of last year. Salomon, which dropped to third, reported capital of $1.6 billion.

Dean Witter Reynolds Inc. and E.F. Hutton maintained their fourth and fifth place spots from the previous year with $1.2 billion and $1 billion in capital, respectively.

Other shifts in position among the top 20 firms included First Boston, whose $658.9 million in capital moved it from ninth to seventh place. As a result, Prudential-Bache Securities Inc. and PaineWebber Group Inc. fell one notch each to eighth and ninth, respectively.

Meanwhile, Drexel's rise in capital position to $561 million moved it to 10th, edging out Bear, Stearns & Co.

In the regional rankings, Stephens Inc., Little Rock, Ark., took top honors, according to the SIA. Its capital increased to $320.1 million from $275.6 million during the year. The firm placed 13th in the overall ranking.

Van Kampen climbed to second place from eighth as a result of its 236.2% capital increase, while Kemper Financial Services Inc., which was not included in the rankings last year, placed third. Kemper had capital of $115.8 million at the start of the year.

Janney Montgomery Scott Inc., Philadelphia, slipped to fourth from third, with capital of $71.9 million. That figure was down 2.2% from the $73.5 million capital position it had at the outset of 1984.

Prescott, Ball & Turben Inc., Cleveland, maintained its fifth place position with a 10.9% climb in capital to $70.1 million.

The capital position of all regional firms combined increased to $2.6 billion from $2.2 billion, a 17.6% gain, according to SIA. About half of those assets represent the capital of the top 20 regional firms, whose combined capital increased to $1.4 billion from $1.1 billion for a 25.9% rise.

Significant changes in position in the top 20 firms came from the Jeffries Group Inc., Los Angeles; Alex. Brown & Sons Inc., Baltimore; and Bateman Eichler, Hill Richards Inc., Los Angeles.

After reporting the capital of its holding company for the first time, the Jeffries Group moved to seventh place from 16th. Its capital position increased 61.8%, to $63.5 million from $39.2 million.

Alex. Brown, on the other hand, fell to ninth from second after reporting the capital of its broker/dealer operation rather than the holding company. Its capital slipped almost 25% during the year to $56.2 million from $74.9 million.

Likewise, Bateman Eichler's reported a 25% drop in capital to $55.1 million from $73.4 million, which dropped the firm to 10th place in the rankings from fourth.

Two newcomers among the top 20 regional firms were Legg Mason, Inc., Baltimore, and Edward D. Jones & Co., St. Louis.

Legg Mason moved to 16th from 21st during the year, with a $6.3 million rise in capital to $37.1 million. Jones & Co.'s capital jumped to $35.1 million from $21.2 million, moving the firm to 19th from 34th.

San Francisco's Hambrecht & Quist Inc., which placed 14th previously, dropped to 22nd, with about a $6.5 million drop in capital to $33.5 million. ■

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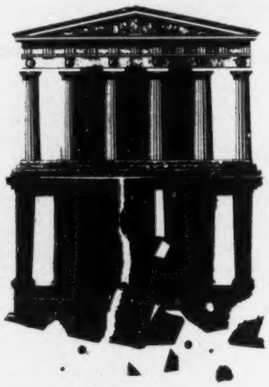

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Yen-based . . .

Continued from page 15
$50 million each.

To date, most U.S. corporations have preferred to do yen-based financings in the European markets because of the short lead time involved in issuing those Euroyen bonds. Plus, cash flows from those types of securities typically can be swapped into other denominations with greater ease.

However, American Express opted to issue yen-based bonds directly in Japan in order to attract retail investors there. American Express is looking to expand its credit card, travelers checks and travel service business in that market.

In addition, the company's investment banking firm, Shearson Lehman Brothers Inc., is looking to increase its services in Japan.

"We're making a major commitment to expand our businesses in Japan," said Gregory Fitz-Gerald, executive vice president and treasurer of American Express.

Mr. Fitz-Gerald said the offering will be an attempt to broaden awareness of the financial services concern and strengthen business relationships.

The 10-year bond offering has been in preparation since late last year when deregulation by the Ministry of Finance enabled the company to qualify for a Samurai bond issue. Until then, eligibility standards regarding balance sheet ratios, interest coverage and other financial data had precluded U.S. financial entities from that market, according to Mr. Fitz-Gerald.

The company hopes to issue its securities sometime in June. Although pricing of the issue will be determined at that time, the treasurer said current interest rates in Japan for 10-year bonds is about 7%.

Lead underwriter Nikko Securities Co. will put together a syndicate of 40 to 50 Japanese securities firms for the offering. In addition, American Express officials will tour several major cities, including Tokyo and Osaka, as part of overall marketing efforts. ■

Corporate notes

Unique Intel offering

SANTA CLARA, Calif. — In a new financing twist and a rare debt offering for the company, Intel Corp. raised $92.1 million by selling zero-coupon bonds with equity warrants.

By adding the warrants, Intel believes it shaved more than 3 percentage points off the interest rate.

In addition, Intel will have "quite substantial" tax savings because the offering was issued by a financing unit, Intel Overseas Corp., rather than the parent.

It was the second public debt offering by Intel this year, but the first to raise money for operations; the other offering was a financial arbitrage to take advantage of low Euroyen rates.

In the latest deal, underwritten by L.F. Rothschild Unterberg Towbin, Intel sold 250,000 units, each consisting of a 10-year $1,000 face value zero-coupon bond and 25 warrants.

Each unit sold for $435.50. Broken down, the bonds sold at $319.75, to yield 11.75%; the warrants were valued at $4.63 each, or $115.75 for all 25 warrants.

With the warrants, the yield on each unit is 8.5%.

Arvind Sodhani, Intel's assistant treasurer, said the warrants reduced the effective yield on each unit to 8.5%, more than 3 percentage points less than the 11.75% bond yield.

The deal, whose face value is $215 million, raised a gross $93.6 million and netted Intel about $92.1 million after underwriting expenses of 1.6%, or $1.5 million.

The sale comes about a month after Waste Management Inc. raised more than $200 million by selling the first zero-coupon convertible bonds in a deal underwritten by Merrill Lynch Capital Markets Inc.

The Intel warrants, which are detachable from the bonds and trade on the NASDAQ market, have a 10-year maturity and two-year call protection. Each warrant allows investors to buy a share of Intel common stock for $40 a share. Intel stock closed at $28.25 May 10, the day the offering sold. After two years, Intel can call the warrants, if the price of its common stock rises to 145% of the exercise price, or $58 a share.

Intel rarely issues debt, "Precisely because of the cyclical nature of the semiconductor business," Mr. Sodhani said.

"You can't rely on debt as a means of financing, because the debt will come back to haunt you." With the zero-coupon bonds, Intel pays none of the accruing interest until 1995.

The offering will raise Intel's long-term debt by $93 million to $250 million. With the warrants, Intel's total capitalization will rise another $24 million to $1.4 billion.

It is owned 20% by International Business Machines Corp.

By issuing it through the financing subsidiary, Mr. Sodhani said Intel could, in effect, reduce its overall tax burden.

He called the savings "quite substantial," although he was unable to provide the actual amount.

By putting the interest expense in the overseas unit, he said Intel minimizes the loss of foreign-source income.

Otherwise, he said, interest expense generated by the parent generally has to be allocated against foreign-source income. That leaves unused some foreign tax credits, he added because the U.S. generally has a lower tax rate.

Rule 415 study

NEW YORK — Much as predicted, the advent of shelf registration is leading to a greater concentration of underwriting commitment among the largest investment banking houses.

According to a recent study conducted by Salomon Brothers, the percentage of underwriting commitment by the top 11 firms has nearly doubled in both the debt and equity areas since Rule 415 first was introduced on an experimental

Continued on page 17

Shakeout seen blurring differences

By Fred Williams

The shakeout under way in the master trust/custodial service industry and the resultant concentration in the hands of fewer and fewer service providers will blur the distinction between master trust banks and make choosing a master trustee more dependent on intangible criteria, according to experts.

Bank trust officers and consultants agree the number of banks offering master trust/custodial services will continue to shrink, eventually resulting in a two-tier system of very large national service providers and a number of regional providers.

The rest will find it too expensive and competitive and will drop out of the race to concentrate on other areas of banking services, according to industry sources.

Only those banks willing to commit the millions of dollars needed to maintain state-of-the-art master trust services and that have the full support of upper management are expected to survive and thrive in the coming years.

The withdrawal of Chemical Bank, New York, in 1982 and the more recent ones of First National Bank of Chicago and Wells Fargo Bank, San Francisco, are only the start of what most see as a shrinking base of master trust banks.

"You will see more of them fall out and the large master trust banks will pick up that fallout," said David Pittman, senior vice president and director of trust services marketing at RepublicBank Dallas, the largest master trust bank in the South and one that has moved steadily up the ladder, ranking 13th in combined master trust and master custodial assets.

Mr. Pittman agrees that in only a few years there will be but 10 to 15 major master trust banks.

"The key players have been identified, those that have risen to the top have the staying power. The reason they have been successful is because the banks have committed the people and the financial resources necessary for them to compete," said Noel B. Feldman, a partner in the Newport Beach, Calif., office of Hewitt Associates.

"I would not be surprised to see others drop out very soon," he said.

"There are a number of high-quality master trust providers, but the list you see today will certainly be different in 10 years," said Michael Terry, vice president of Northern Trust Co., Chicago.

"It takes a major commitment to stay in this business. It takes substantial investment in equipment and resources as well as experienced people interfacing with the client. It is not a simple system to administer. It is a very costly service to provide," Mr. Terry said.

"Every institution evaluates its strategic plan and evaluates the areas it is involved with. Some areas become too costly to stay competitive with others and they may decide not to offer them any longer. We have pulled out of some non-profitable areas, too, and try to concentrate on some of the profitable areas like trust. To others, though, (trust services) may be less important.

"This is a normal kind of shakeout as people evaluate the types of service they can offer and after evaluating the profitability of the types of services they can offer," he said.

Northern Trust has $63 billion in master trust and master custodial assets under administration, and most agree it will be one of the survivors. But as with the other major master trust providers, success will be measured in how much these banks are willing to invest to stay on top.

"We have invested millions in our master trust service and other institutions may not want to invest as heavily. They may want to emphasize another area like investment manager services," Mr. Terry said.

"Three-fourths of our clients are not entering into master trust relationships for the first time. That is indicative of the dynamics of the master trust business. As clients review their existing master trust arrangements, they may start to look elsewhere."

Robert Edgar, manager-government and institutional management and trust at Nor-

Continued on page 30

Others expected to leave field

Banks prepared to fill void

By Trudy Ring

Banks appear to be rushing to provide master trust services to clients of institutions that are discontinuing these services.

At the same time, however, an officer of one of the banks quitting the master trust business said he expects others to follow, leaving just a few giants in the field.

Wells Fargo Bank, San Francisco, is the latest to announce it is closing out its master trust and custodial business. First National Bank of Chicago announced last fall that it was ending its domestic directed trust business, although its branch in Guernsey, England, will continue to provide global custody services as a subagent for regional banks that do not have this capacity. Chemical Bank, New York, discontinued master trust services in 1982.

Wells Fargo is leaving the master trust business to focus its resources on other employee benefit plan products, including the passive funds offered by its subsidiary, Wells Fargo Investment Advisors, said Vern Kozlen, senior vice president and senior trust officer.

Continued on page 32

Soft-dollar use for fees not widespread

By Joel Chernoff

Corporate pension fund use of soft dollars to defray master trustee fees might never emerge as a major factor in paying these bills, pension experts say.

"There has been a lot of talk but very little action," said Harry Jones, a partner of Lynch, Jones & Ryan, a New York-based broker that accepts pension-directed business.

"We've discussed it with several (clients) but they've backed away at the last minute," remarked Jack Sheehy, senior vice president at Bank of America.

Officials at other banks said interest by corporate pension fund sponsors in the use of soft dollars for master trust fees is waning.

"We haven't had a lot of requests lately," said Mike Herlihy, vice president at State Street Bank & Trust Co., Boston.

Overall, however, efforts by pension funds to direct a portion of their brokerage trades to specific firms to receive a rebate in cash or services have reached new peaks recently.

According to Greenwich Research Associates of Greenwich, Conn., 35% of 1,076 corporate funds surveyed direct brokerage to obtain some $200 million in soft-dollar payments.

Larger funds were more likely to have asked their managers to direct a portion of their trades to specific brokers: more than half of corporate sponsors with $350 million in assets did so, while two-thirds of funds with assets exceeding $1 billion used the practice.

However, few funds have chosen to direct the rebated or "soft" dollars to offset their master trustee fees, instead preferring to use the rebates to help pay for various consulting services, such as performance measurement or asset allocation services.

Greenwich Research found that, of all funds that did receive soft-dollar-paid services, far and away the greatest use was for payment of various consulting fees: 73% of the funds used them to pay for performance measurement, while 31% directed payment for manager selection and 41% for monitoring managers.

Only 7% of those funds directing trades used the soft dollars to reduce their master trustee costs.

Of those who did, however, the largest funds made the greatest use, with 29% of Fortune 100 firms using soft dollars to offset their fees, while 15% of the second 100 and none of the fifth tier used soft dollars to pay for master trust services.

"We're not seeing that many plan sponsors" direct soft dollars to master trustees,

Continued on page 33

Some banks taking a world view

By Rose Darby

NEW YORK — Although the prospects of coordinating and reporting on securities transactions for the global marketplace might daunt most banks, some are fighting to dominate the international master trust area.

According to industry experts interviewed by *Pensions & Investment Age*, the banks aggressively eyeing master trust turf on an international scale are Chase Manhattan Bank, New York, the leader in international master trust balances; State Street Bank & Trust Co., Boston; Mellon Bank, Pittsburgh; Northern Trust Co., Chicago; and Bankers Trust Co., New York.

In fact, those banks that pulled out of domestic master trust in the past few years might have based the decision to do so, in part, on the prospect of adding global capability, said Frederick P. Horne, vice president in charge of master trust administration for Mellon Bank.

Those banks that pulled out of the area are Chemical Bank, New York, which did so in 1982; First National Bank of Chicago, which decided to pull out of domestic directed trust last fall, although its branch in Guernsey, England, will continue to provide global custody services as a subagent for regional banks that do not have this capacity; and most recently, Wells Fargo Bank, San Francisco.

The reason Mellon stayed with the far more complex area of global custody and master trust capability, he said, is that "we're very good at the business. It's profitable and it fits squarely with the bank's corporate strategy of offering technology-driven data processing products for direct fees."

Mellon has about $250 million in global custody for U.S. pension funds, he said.

"More and more pension funds are seriously adding global to their investment mix," despite the high cost of global custody services, Mr. Horne said.

International and global master trust services can cost up to twice as much as domestic services, according to industry participants.

The reason for the higher cost is "you are cloning a set of costs, in that you're dealing with 10 to 15 international markets around the world," Mr. Horne explained.

"You must have representatives in those countries processing data, incurring their costs as well."

Further, "you're working with 10 to 15 account conventions and you then have to go through the process of bending those conventions to produce ERISA-quality reporting," he added.

Finally, he noted, "communications costs are a real factor too."

Communication, which always is important, become critical on a global basis, said Robert W. Hayes, vice president at Bankers Trust.

"It takes a sophisticated institution to provide a service such as this," he explained. "Because you could easily be in 30 to 40 markets for this whole business, it creates unique problems.

"Plan sponsors now need reports in multicurrency terms. They would need all of those shadowed in U.S. dollars, and it's a highly sophisticated reporting practice that can do that."

Bankers Trust serves as master trustee or global custodian for roughly $1 billion of U.S. pension fund assets.

An all-inclusive list of basic services that a global master trustee offers would begin with the safe keeping of securities, according to Jennifer Cameron, vice president for Northern Trust Co.

"This is definitely more complex than on the U.S. side, because securities need to be kept in the country in which they are traded," she said.

"So, the custodian bank needs a network of institutions in as many as 20 countries to handle physical settlement as well as safekeeping."

In settling trades for customers, conventions vary widely from country to country, she noted.

"In many countries, physical delivery and registration of securities is required as compared to the environment in the U.S.," Ms. Cameron said.

Further, the master trustee must account for collection and payment of income for customers from all overseas sources, she said.

"Also, we follow corporate actions that affect the capital structure changes and advise money managers as to how clients are thinking," she said. This is for such actions as stock splits, proxy votes and rights issues.

Cash management on a daily basis is another service frequently offered by a global custodian, she said.

Further, Northern Trust "can handle foreign exchange at the direction of the investment manager. We handle withholding taxes in each country, or we file the necessary claims to reclaim the amount due for the client," Ms. Cameron said.

Finally, all global master trustees must handle accounting and reporting on the clients investments on a daily and a monthly basis, she added.

Northern Trust handles roughly $1.3 billion in global custody for pension funds in the United States, she said.

One way pension funds might be avoiding the higher cost of global custody services is to participate in a commingled fund, said Jennifer Dunning, vice president at State Street Bank & Trust Co.

"The trend we're seeing today is that more and more clients are going toward pooled funds because it's more expensive to have an actively managed portfolio," Ms. Dunning said.

"Even those plans that put up to $20 million in international are looking at pooled vehicles."

State Street acts as master trustee for roughly $2.2 billion in pension funds, she added.

The movement toward commingled funds, however, is not actually taking money out of the hands of the master trustees, said Allen Martin, vice president and manager of employee benefit relationship management at Bankers Trust.

"Commingled funds offer an economical, relatively simple to administer way for plan sponsors to participate in international and as they do that and grow, they're going to want separate accounts," he explained.

"In the long run, because commingled funds make international investment attractive, they, in effect, encourage the need for actively managed international portfolios and along with them, they foster growth in the master trust area." ■

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Master trusts

Pensions & Investment Age's master trust directory covering the year ended March 31 was developed from a telephone survey of the leading master trust banks in the United States and Canada.

Crocker National Bank, San Francisco, and Royal Trust Co., Toronto, did not supply updated data and were omitted.

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a

AmeriTrust Co.

900 Euclid Ave., Cleveland, Ohio 44101; (216) 687-5000

Master trust assets $2,840,000,000
Master custodial assets $1,740,000,000

AmeriTrust has 42 master trust clients and 14 master custodial clients. There are 10 account supervisors.

The size of the smallest master trust client is $3 million; the largest is $406 million.

The actual settlement date is used for accounting, but trade date accounting is available.

Master trust services include asset custody; settlement of security trades; reporting on asset values and transactions; plan allocation; automated cash management; securities lending; performance measurement; portfolio analysis; index fund; cash forecasting and customized reporting; legal administrative guidance; master consolidation reports; benefit disbursing; participant record keeping; global custody; ERISA reporting; options and futures processing; special purpose pooled funds.

Asset and transaction reports are delivered to clients three to five days after month's end and accounting reports 15 days after month's end. Reports may be received either on hard copy or on-line.

Fees are based on market value of assets, the number of plans, the number of managers and other special accounting or asset services.

The client contact is Gary Queen, senior vice president, at (216) 687-4089.

Pensions & Investment Age will feature a directory of international investment managers on June 24.

b

Bank of America

555 California St., 17th Floor, San Francisco, Calif. 94104; (415) 622-9568

Master trust assets $12,100,000,000

Bank of America has 41 master trust clients. There are seven account supervisors. Master trust assets are up $1.3 billion from last year.

The size of the smallest master trust client is $6 million; the largest is $3.8 billion.

Trade date and settlement date accounting are available at the client's option.

Master trust services include custody, plan and trust accounting; automatic cash management; income collection and redemptions and ERISA reporting. Options include global custody; fail float analysis; customized reporting; performance measurement; benefit disbursing with government reporting; securities lending and participant record keeping.

Reports are delivered to clients five to 10 days after the end of the period on hard copy.

Fees are based on a percentage of assets, services provided and structure.

The client contact is John P. Sheehy, senior vice president.

Bank of New York

48 Wall St., New York, N.Y. 10015; (212) 530-1784

Master trust assets $14,700,000,000
Master custodial assets $9,600,000,000

Bank of New York has 56 master trust clients and 10 master custodial clients. There are seven account supervisors; accounts are serviced by a specialized administrative team. Master trust assets increased $2.2 billion for the year ended March 31.

Accounting procedures include trade date, settlement date and tax lot.

The size of the smallest master trust client is $5 million; the largest is more than $7 million.

Master trust services include full administrative services; accounting reports; cash management; ERISA reporting; portfolio review; fail float protection; options and futures accounting; and on-line inquiry. Ancillary services include securities lending; benefit disbursement; performance measurement; consulting services; beneficial interest reporting; daily unit valuations; and on-line inquiry with two-way communication.

Reports to clients are delivered within five days; on-line reports are available daily. Fees are based on a percentage of market value.

The client contact is Thomas A. Price, vice president, (212) 530-8710.

Bankers Trust Co.

280 Park Ave., New York, N.Y. 10017; (212) 850-2082

Master trust assets $60,000,000,000
Master custodial assets $9,500,000,000

Bankers Trust has 99 master trust clients and 16 master custodial clients. Master trust assets increased $2.6 billion from last year. There are 22 relationship managers and 26 product delivery specialists.

The size of the smallest master trust client is $10 million; the largest is $8.5 billion.

The primary accounting method is trade date, on a fully accrued basis. However, settlement date, tax lot and other methods are available.

Master trust services include portfolio restructuring services; account establishment services; legal administrative guidance; adviser services; cash management and forecasting; fail float analysis and credit, options and futures processing; security income posted on payable date; and a variety of trust/plan accounting reports that meet ERISA and FASB requirements.

Specialty services are securities lending; on-line capabilities; pension disbursing w/EFT; global custody; master consolidation reporting; performance measurement and ad hoc consulting services; a variety of commingled investment trust funds; and microfiche and computer tape reporting.

The monthly transaction reports are sent within two days after the reporting period. Assets and liabilities reports and customized reports are available six to eight days after the end of the period.

The fee structure for the core master trustee service is reflective of the trust structure. This includes an accounting and reporting fee based on the type and number of investment portfolios, a per-transaction fee for security movement and an administrative fee applied as a basis-point calculation on actively managed assets.

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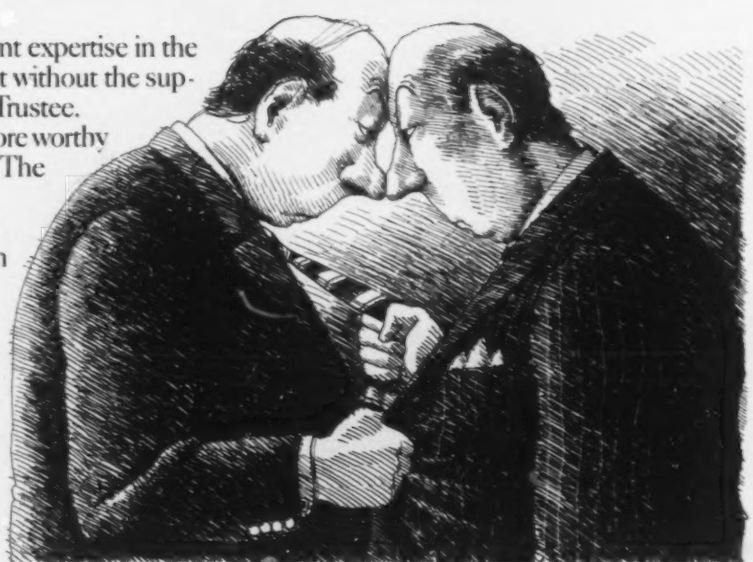

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THE BANK OF NEW YORK
MASTER TRUST

The client contact is Lynne Stewart Minard, vice president and head of pension relationship management, sales and marketing.

Boston Safe Deposit & Trust

1 Boston Place, Boston, Mass. 02106; (617) 722-7310

Master trust assets $21,000,000,000
Master custodial assets $5,747,000,000

Boston Safe has 31 master trust clients and 13 master custodial clients. There are 15 account supervisors. Master trust assets are up $5.2 billion for the year ended March 31.

The size of the smallest master trust client is $8 million; the largest is $3.2 billion.

Master trust services include full accrual; trade date based accounting and analytical reporting tailored to meet individual client needs.

Boston Safe offers on-line access to accounting information, performance measurement, analytical software and data bases, by means of terminals connected to Boston Safe's computers by permanent lines on a dial-up basis or by data downloaded nightly to clients' microcomputer workstations.

Also offered are securities lending; global custody; benefit payments; comprehensive services for defined contribution plans; consulting services.

Investment vehicles for short-term cash reserves are available. STIF is available for use by accounts qualified under ERISA. As an alternative to STIF, the Reserve Deposit Account is a money market deposit account available to both ERISA and non-ERISA funds.

Reports are delivered to clients five business days after the end of the period.

Fees are calculated on an individual basis, depending on the services required.

The client contact is John R. Snow, vice president, at (617) 722-6970.

C

Canada Permanent Trust Co.

320 Bay St., Toronto, Ontario M5H 2P6; (416) 361-8248

Master trust assets $2,800,000,000
Master custodial assets $1,000,000,000

Canada Permanent Trust has 210 corporate custodial clients. There is a national administrative manager, three account managers and three senior account officers. Master trust assets increased $1.3 billion in the year ended March 31 and master custodial assets, $460 million.

The size of the smallest master trust client is $700,000; the largest is $576 million.

Settlement date accounting is employed. Trade date accounting is stored in the system and may be used to identify pending trade information.

Master trust services include safekeeping; income collection and securities settlement (including DTC via Manufacturers Hanover).

The Canada Permanent Trust Co. also offers pension payroll; client-based, on-line terminals; securities lending; various monthly and on-demand reports; SPAC services, a new institutional custody system; a client call program; and a client focus group.

Reports are delivered to clients 10 to 15 days after the end of the period.

The basic fee is based on the book value of assets. The firm adds on a multiple manager fee, unitization fee, mortgage administration charge and a security transaction fee.

The client contact is R.W. LaForce, vice president-pension trust.

The Canada Trust Co.

275 Dundas St., London, Ontario N6A 4S1; (519) 663-1613

Master trust assets $3,700,000,000
Master custodial assets $4,830,000,000

The Canada Trust Co. has 72 master trust clients. There are 16 account supervisors. Master trust assets increased $830 million from last year.

The size of the smallest master trust client is $1.8 million; the largest is $150 million.

Settlement date accounting is used.

Master trust services include safekeeping of securities; processing transactions; constituent and consolidated account reporting; monitoring of compliance with legislative constraints; automatic income crediting; and STIF capability. Automated U.S. reporting and cash management reports may be viewed at client terminals.

Reports are delivered to clients 10 to 15 days after the end of the period either on hard copy or through electronic access.

Fees are based on a percentage of book value, plus a variable cost per check, termination and security transaction.

The client contact is Patricia Williams, pension information officer-pension trust services.

Centerre Trust Co. of St. Louis

510 Locust St., St. Louis, Mo. 63101; (314) 231-9300

Master trust assets $1,090,000,000
Master custodial assets $760,000,000

Centerre Trust has seven master trust clients and three master custodial clients. There are two account supervisors.

The size of the smallest master trust client is $35 million; the largest is $567 million.

Trade date accounting and settlement date accounting are used.

Master trust services include cash sweep; multiple unit accounting; TUCS; securities lending; performance measurement; and portfolio analytics.

Reports are delivered seven to 10 business days after month's end on hard copy.

Fees are based on asset value, number of plans and number of managers.

The client contact is Richard W. Hibbs at (314) 436-9265.

Chase Manhattan Bank

1211 Avenue of the Americas, 33rd Floor, New York, N.Y. 10036; (212) 730-3008

Master trust assets $54,000,000,000
Master custodial assets $47,000,000,000

Chase Manhattan has 78 master trust clients and 17 master custodial clients. There are 34 account supervisors.

The size of the smallest master trust client is $1 million and the largest, $13 billion. The largest master custodial client is $22 billion.

Master trust services include safekeeping; custody accounting; cash management; performance measurement; portfolio analysis; index funds; futures and options accounting; ERISA and FASB reporting; and benefit disbursement. Also offered are 401(k) and saving and thrift plans.

In addition, a full array of global custody services, including safekeeping, multicurrency reporting and accounting and global performance measurement is offered. Global custody assets exceed $18 billion.

Chase also offers investment information products and analytical services including Executive Summary, a microcomputer-based system.

Fully audited reports are delivered to clients within seven days after the end of period. On-line reporting is available on next-day basis for both accounting and performance measurement information. Fee calculations are based on the asset value of the account as well as the structure and transaction volume.

The client contact is John A. Sweeney, vice president.

Citibank

1 Citicorp Center, 153 E. 53rd St., New York, N.Y. 10043; (212) 559-1523

Master trust assets $16,160,000,000
Master custodial assets $29,161,000,000

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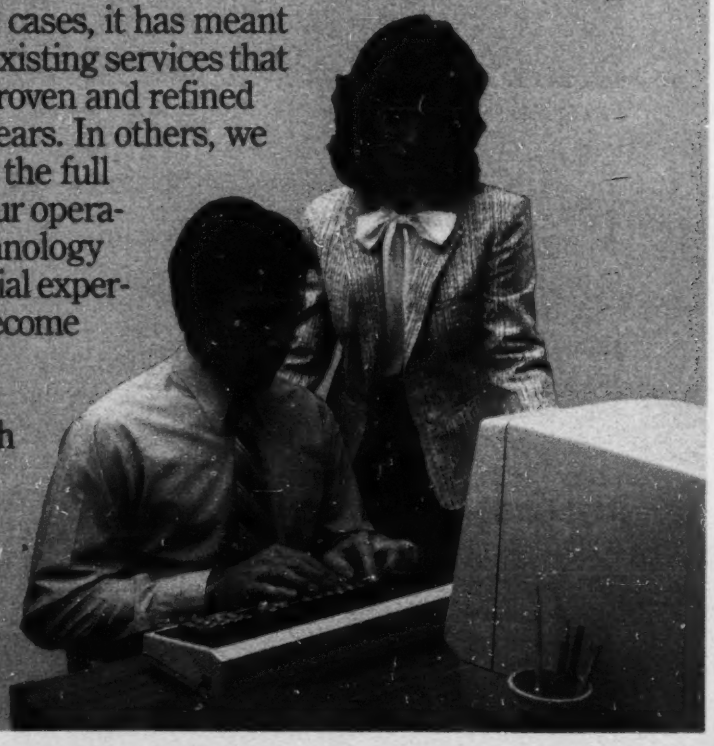

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Citibank has 112 master trust clients and 75 master custodial clients. There are 24 account supervisors. Master trust assets are up $4.5 billion for the year ended March 31.

The size of the smallest master trust client is $1 million; the largest is $16 billion.

Settlement date accounting and trade date accounting are both used.

Master trust services include safekeeping and custody; cash management; ERISA reports; equitable share accounting; performance measurement and analysis; TUCS comparisons; on-line information systems; global custody; securities lending; participant record keeping and benefit disbursement.

Reports are available five to seven days following receipt of all information. Next-day delivery is provided for on-line reports.

Fees are based on individual services.

The client contact is Michael L. Costa.

The Citizens and Southern National Bank

33 North Ave. N.E., 10th Floor, P.O. Box 4114, Atlanta, Ga. 30302; (404) 897-3038

Master trust assets $550,000,000
Master custodial assets $4,000,000,000

The Citizens and Southern National Bank has 19 master trust clients and 90 master custodial clients. Master trust assets increased $100 million during the year ended March 31. There are seven account supervisors.

The size of the smallest master trust client is $25 million; the largest is $200 million.

Trade date and settlement date accounting are used.

Master trust services include performance measurement/risk analysis; participant record keeping; portfolio review; securities lending; assistance in ERISA reporting; benefit payment; TUCS; and five pooled investment funds.

Reports are delivered to clients five days after the end of the period on hard copy, microfiche or magnetic tape. On-line access is offered.

Fees are based on market value of assets or are negotiated.

The client contacts are Richard Schweitzer and Edgar R. Smith.

Continental Illinois National Bank & Trust Co.

231 S. LaSalle St., Chicago, Ill. 60697; (312) 828-2345

Master trust assets $11,400,000,000
Master custodial assets $1,800,000,000

Continental Illinois National Bank & Trust Co. has 36 master trust clients and seven master custodial clients. There are 11 account officers and five account relationship managers. Master trust assets increased $3 billion in the year ended March 31 and master custodial assets, $200 million.

The size of the smallest master trust client is $6 million; the largest is $1.55 billion.

Trade date and settlement date accounting are available.

Master trust services include consolidated accounting (plan and managers); performance measurement; dial-up access via Continental's remote information system; account relationship-manager; automated cash management; full global custodian network with multicurrency reporting capabilities; full fail float protection; electronic mail system; legal administrative guidance; benefit disbursing; participant record keeping; securities lending; ERISA reporting; customized reporting; option and futures processing and cash projections. An officer and administrative assistants are assigned to an account on a full-time basis.

Reports to clients are delivered five to 10 days after the end of the period.

Fees are primarily asset based.

The client contact is Edward J. Doyle, vice president, at (312) 828-7062.

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First Pennsylvania Bank

15th and Chestnut Streets, Philadelphia, Pa. 19101; (215) 786-8765

Master trust assets $1,400,000,000
Master custodial assets $17,100,000,000

First Pennsylvania Bank has 14 master trust clients and nine master custodial clients. There are 12 account supervisors. Master trust assets increased $400 million in the year ended March 31 and master custodial assets, $1.6 billion.

The size of the smallest master trust client is $2.5 million; the largest is $600 million.

Settlement date accounting is used; trade date reporting is available.

Master trust services include trusteeship/custodianship; accrual or

cash accounting; portfolio analytics; performance measurement; TUCS; passive investment; securities lending; global custody; public fund accounting (NCGA rules); and client terminal with inquiry and/or input capability.

Cash statements are delivered within five to seven business days and full accountings within 15 to 17 business days after the end of the period.

Asset-based fees are available, all others are unbundled.

The client contact is James F. McHale, senior vice president, (215) 786-7946.

First Trust Co. of St. Paul

332 Minnesota St., St. Paul, Minn. 55101; (612) 291-5072

Master trust assets $2,200,000,000
Master custodial assets $500,000,000

First Trust Co. of St. Paul has 11 master trust clients and five master custodial clients. There are seven account supervisors. Master trust assets increased $200 million in the year ended March 31 and master custodial assets, $150 million.

The size of the smallest master trust client is $14 million; the largest is $1.4 billion.

Trade date accounting is used, but settlement date accounting is available.

Master trust services include securities settlement; custody and servicing; full accrual accounting; automated cash management; index fund; portfolio review; performance measurement; TUCS; customer on-line; securities lending; ERISA reporting; participant record keeping; and benefit disbursing.

Cash statements are delivered to clients in one working day. Assets with market values are delivered in three, and complete accounting with accruals are delivered 10 days after the end of the period.

There is a separate asset fee and transaction fee.

The client contact is Robert J. Kay, employee benefits marketing officer, (612) 291-4924.

First Wisconsin Trust Co.

777 E. Wisconsin Ave., P.O. Box 2054, Milwaukee, Wis. 53201; (414) 765-5000

Master trust assets $1,500,000,000
Master custodial assets $846,000,000

First Wisconsin Trust Co. has 30 master trust clients. There are nine account supervisors. Master trust assets are up $217 million for the year ended March 31.

The size of the smallest master trust client is $3 million; the largest is $283 million.

Trade date accounting is used.

Master trust services include relative and comparative performance measurement; portfolio monitoring services; securities lending; bond dedication and bond immunization.

A report of financial transactions on a settlement basis and including income totals is available about the second business day of the month; a list of assets indicating both cost and market value is available on the sixth business day of the month. The complete monthly financial report for each investment manager account on a full-accrual basis and trade-date basis is available on the 12th business day of the month. Reports are available either on-line or on hard copy.

The complete annual financial report for each investment manager account is available 20 business days after the end of the fiscal year. Annual fees are based on the market value of equities and cost value of fixed-income securities plus transaction costs.

The client contact is Anthony M. Rood, first vice president.

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Guaranty Trust Co. of Canada

366 Bay St., Toronto, Ontario M5H 2W5; (416) 863-5168

Master trust assets $1,120,000,000

Guaranty Trust has 21 master trust clients. There are six account supervisors.

The size of the smallest master trust client is $700,000; the largest is $201.6 million.

Settlement date is used for accounting. There is a capability for trade date reporting.

Master trust services include income accruals; unitized accounting and consolidated reporting; cash management; portfolio analysis; performance measurement; report customization; legal administrative guidance; benefit disbursing; participant record keeping; securities lending; investment manager consulting; and options and futures processing.

Hard-copy reports are available for clients after 10 working days.

Basic fees are based on book value, plus account charges, check charges and performance measurement.

Fees for managed assets are based on average market value and average book value.

The client contact is Doug Wannamaker, vice president-pensions, (416) 863-5227.

h

Harris Trust and Savings Bank

111 W. Monroe St., Chicago, Ill. 60603; (312) 461-2121

Master trust assets $26,000,000,000
Master custodial assets $3,200,000,000

Harris Trust and Savings Bank has 48 master trust clients and 69 master custodial clients. Master trust assets are up $1.1 billion from last year. There are eight account supervisors.

The size of the smallest master trust client is $12 million; the largest is $4.4 billion.

Trade date accounting is used.

Master trust services include legal administrative guidance; master consolidation reporting; benefit disbursing; participant record keeping; custody; accounting; ERISA reporting; cash mobilization; performance measurement; securities lending; global custody; investment manager consulting; portfolio analysis and comparison; customized reporting; fail float analysis; and options and futures processing.

Reports begin to be delivered to clients within three days of the period end; on-line reports are available daily. Reports are available on hard copy, magnetic tape, microfiche and on-line.

Each customer is assigned an accounting team consisting of an account executive, administrator, accountant and disbursement coordinators.

Fees are based on the number of managers, amount of assets held in custody and the number of transactions.

The client contacts are Allan A. Brodie at (312) 461-7627, and Walter J. Kowalczyk at (312) 461-7625.

Pensions & Investment Age will publish a directory of international investment managers on June 24.

i

International Trust Co.

Royal Bank Plaza, North Tower, 14th Floor, P.O. Box 75, Toronto, Ontario M5J 2J2; (416) 865-0515

Master trust assets $275,000,000
Master custodial assets $900,000,000

International Trust Co. has 12 master trust clients and two master custodial clients. There are seven account supervisors. In the year ended March 31, master trust assets increased $75 million and master custodial assets, $300 million.

The size of the smallest master trust client is $2 million; the largest is $60 million. Settlement date is used for accounting purposes. For reporting, both trade date and settlement date are available.

Basic master trust services include client-managed STIF accounts; global custodial services; cash management; performance measurement; performance analysis and comparison to indexes; benefit disbursing; limited participant record keeping; securities lending; fail purchase; and options and futures processing.

Reports are delivered to clients on the fifth working day after month's end. The bank has on-line capabilities for principle reports.

Fees are based on asset exposure, number of accounts in structure and add-on services. Fee agreement is subject to performance standards determined with each client.

The client contact is Ed Robinson, senior vice president.

Irving Trust Co.

1 Wall St., New York, N.Y. 10015; (212) 487-7980

Master trust assets $10,000,000,000
Master custodial assets $25,000,000,000

Irving Trust has 30 master trust clients and 22 master custodial clients. There are 10 account supervisors. Master trust assets are up $2 billion from last year and master custodial assets, $4 billion.

The size of the smallest master trust client is $13 million; the largest is $5.2 billion.

Both trade date accounting and settlement date accounting are used.

Master trust services include transaction clearance; asset custody; customized reporting; zero-balance cash management; fail float investment credit; global custody; securities lending; specialized short-term investment funds; passive bond management; on-line portfolio statusing; and portfolio analytics.

Reports are delivered to clients five days after the end of the period, either on-line or on hard copy.

Fees are based on the transaction volume and market value.

The client contact is Gary L. Davenport, vice president.

m

Manufacturers Hanover Trust

530 Fifth Ave., New York, N.Y. 10036; (212) 286-6000

Master trust assets $16,000,000,000
Master custodial assets $3,700,000,000

Manufacturers Hanover Trust has 53 master trust clients and 10 master custodial clients. There are 14 account supervisors. Master custodial assets increased $3.4 billion in the year ended March 31.

The size of the smallest master trust client is $5 million; the largest is $4 billion.

Trade date and settlement date are available for accounting purposes.

Master trust services include legal administrative guidance; master con-

tion; cash management; benefit disbursing; participant record keeping; securities lending; global custody; performance measurement; investment manager consulting; portfolio analysis and comparison; ERISA reporting; customized reporting; fail float analysis; and options and futures processing.

Reports are delivered to clients within three days after month's end and are available in hard copy, on-line and microfiche.

Fees are based primarily on a percentage of market values. There are special charges for additional services such as on-line terminal access, performance measurement; analytics; plan accounting; and pension check payments.

The client contact is Renee San Marco, (212) 819-1580.

Manufacturers National Bank of Detroit

100 Renaissance Center, 6th Floor, Detroit, Mich. 48243; (313) 222-4471

Master trust assets	$9,200,000,000
Master custodial assets	$2,100,000,000

Manufacturers National Bank of Detroit has 31 master trust clients and 19 master custodial clients. There are 21 account supervisors. Master trust assets increased nearly $1 billion for the year ended March 31.

The size of the smallest master trust client is $4 million; the largest is $8.5 billion.

Settlement date accounting is used. Trade date accrual and unitized accounting are available.

Master trust services include legal administrative guidance; master consolidation reporting; cash management; benefit disbursing; participant record keeping; securities lending; global custody; performance measurement; investment manager consulting; portfolio analysis and comparison; ERISA reporting; customized reporting; fail float analysis; and options and futures processing.

Reports are delivered to clients five days after month's end; on-line capability is provided.

Fees are unbundled, based on asset size and transactions.

The client contact is Robert R. Schoonbeck, senior vice president.

Marine Midland

250 Park Ave., New York, N.Y. 10177; (212) 949-6507

Master trust assets	$1,700,000,000
Master custodial assets	$405,000,000

Marine Midland has 27 master trust clients and eight master custodial clients.

There are 13 account supervisors. Master trust assets increased $263 million from last year. The size of the smallest master trust client is $581,000; the largest is $637 million.

Master trust services include master consolidation reporting; cash management; benefit disbursing; participant record keeping; securities lending; global custody; performance measurement; portfolio analysis and comparison; ERISA reporting; customized reporting; fail float analysis; and options and futures processing.

Reports are delivered to clients 10 business days after month's end. The bank has limited on-line access for reports and is working on adding that capability.

The basic fee is calculated on the basis of decremental rates applied to market value of assets. Other fees are based on transactions and services.

The client contact is Edward Higgins, administrative vice president.

Mellon Bank

1 Mellon Bank Center, Pittsburgh, Pa. 15258; (412) 234-6861

Master trust assets	$40,100,000,000
Master custodial assets	$725,000,000

Mellon Bank has 57 master trust clients and four master custodial clients. There are eight account supervisors. Master trust assets increased $10.3 billion from last year and master custodial assets, $361 million.

The size of the smallest master trust client is $3 million; the largest is $7.9 billion.

Trade date fully accrued reporting is available.

Master trust services include securities lending; benefit payment; participant record keeping; performance measurement; portfolio analysis and review; options and futures processing; index funds; international custody; ERISA reporting; and customized reporting.

Reports are delivered to clients 10 business days after month's end. The bank offers on-line access.

Fees are based on a combination of asset value, transactions and individual services performed.

The client contact is Allen D. Gunderson, vice president.

On June 10, *Pensions & Investment Age* will publish a report on management changes at small- and medium-sized tax-exempt funds.

Mercantile-Safe Deposit & Trust Co.

2 Hopkins Plaza, P.O. Box 2257, Baltimore, Md. 21203; (301) 237-5551

Master trust assets	$5,400,000,000
Master custodial assets	$1,500,000,000

Mercantile-Safe Deposit & Trust Co. has 15 master trust clients and three master custodial clients. There are eight account supervisors. Master trust assets increased $3.7 billion for the year ended March 31.

The size of the smallest master trust client is $3 million; the largest is $500 million.

Settlement date accounting is used.

Master trust services include depository participation; benefit payments; option transactions; security lending; cash management services; investment analysis; investment performance measurement; ERISA reporting and brokerage reporting.

Reports are delivered to clients in five to 10 days on hard copy.

Fees are based on asset value and income collected.

The client contact is H. Louis French, vice president.

M&I Marshall & Ilsley Bank

770 N. Water St., Milwaukee, Wis. 53201; (414) 765-8187

Master trust assets	$1,600,000,000
Master custodial assets	$250,000,000

M&I Marshall & Ilsley Bank has 29 master trust clients and four master custodial clients. Master trust assets increased $400 million from last year. There are seven account supervisors.

The size of the smallest master trust client is $5 million; the largest is $250 million.

Settlement date accounting is used; pending trade schedule is optional.

Basic master trust services include master consolidation reporting; cash management; benefit disbursing; participant record keeping; performance measurement; portfolio analysis and comparison; ERISA reporting; some customized reporting; fail trade analysis; and options and futures processing.

Reports are delivered to clients five to seven days after month's end. Those reports are in hard copy but the bank offers on-line and microcomputer formats for year-end reports.

Fees are based on the market value of assets.

The client contact is Morry L. Birnbaum, vice president.

Montreal Trust

15 King St. W., Toronto, Ontario, M5H 1B4; (416) 860-5848

Master trust assets	4,416,000,000

Montreal Trust has 110 master trust clients with 225 portfolios. There are 14 account supervisors.

The size of the smallest master trust client is $6 million; the largest is $800 million.

Settlement date accounting is used.

Basic master trust services include

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50 Hurt Plaza, Suite 1400, Atlanta, Georgia 30303

corporate trusteeship for consolidated pension fund; consolidated accounting; government reporting; automatic crediting and allocation of dividends, interest and capital gains; trust documentation; portfolio analysis and performance measurement; benefit payment services; securities lending; global custody; options processing; and on-line and microcomputer reporting.

Reports are delivered to clients 10 business days after month's end.

Fees are based on average book value.

The client contact is Ken Neely, assistant vice president-corporate client services.

Master trust/master custody banks*
($ millions)

Rank	Bank	Master trust	Master custody	Total
1.	Chase Manahattan Bank	$ 54,000	$ 47,000	$ 101,000
2.	State Street	38,018	33,047	71,065
3.	Bankers Trust	60,800	7,600	68,400
4.	The Northern Trust Co.	47,016	15,977	62,994
5.	Citibank	16,169	29,161	45,330
6.	Mellon Bank	40,100	725	40,825
7.	Irving Trust Co.	10,000	25,000	35,000
8.	Boston Safe Deposit & Trust	21,003	5,747	26,750
9.	Bank of New York	14,700	9,600	24,300
10.	Harris Trust & Savings Bank	20,000	3,200	23,200
11.	Manufacturers Hanover Trust	16,000	3,700	19,700
12.	National Bank of Detroit	9,350	8,340	17,690
13.	RepublicBank Dallas	15,000	2,500	17,500
14.	United States Trust Company	9,800	4,500	14,300
15.	Wachovia Bank & Trust Co.	13,000	527	13,527
16.	Continental Illinois	11,400	1,800	13,200
17.	Bank of America	12,100		12,100
18.	Manufacturers National Bank	9,200	2,100	11,300
19.	Norwest Bank Minneapolis	2,400	6,000	8,400
20.	Wilmington Trust Co.	7,200	100	7,300
21.	Mercantile Safe Deposit & Trust	5,400	1,500	6,900
22.	AmeriTrust Co.	2,840	1,740	4,580
23.	Citizens & Southern National	550	4,000	4,550
24.	Texas Commerce Bank	1,500	2,800	4,300
25.	First Pennsylvania Bank	1,400	17,100	3,200
26.	First Trust Co. of St. Paul	2,200	500	2,700
27.	First Wisconsin Trust Co.	1,500	846	2,346
28.	Marine Midland	1,700	450	2,105
29.	M&I Marshall & Illsley Bank	1,600	250	1,850
30.	Centerre Trust Co.	1,090	760	1,850
	Totals	**$ 447,037**	**$ 241,375**	**$ 668,262**

*Cutoff is $1 billion in combined Master trust/Master custodial assets

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National Bank of Detroit
611 Woodward Ave., Fifth Floor, Detroit, Mich. 48226; (313) 225-3900

Master trust assets $9,350,000,000
Master custodial assets $8,750,000,000

National Bank of Detroit has 67 master trust clients and 27 master custodial clients. Master trust assets increased $4.2 billion from last year. There are eight account supervisors.

The size of the smallest master trust client is $5.5 million; the largest is $3.2 billion. Trade date and accrual accounting are used.

Master trust services include centralized custody and safekeeping of assets; master consolidated reporting; index funds; ERISA disclosure; fail float guarantee; cash management including STIF; benefit disbursements; participant record keeping; options and futures processing; performance measurement; portfolio analysis; securities lending; and global custodian capabilities.

Reports are delivered to clients five business days after month's end. In addition to hard copy, reports can be obtained via a dedicated terminal and then downloaded into a personal computer.

Fees are calculated by a combination of asset value and individual services.

The client contact is Clarence Kufel, vice president.

The National Victoria & Grey Trust Co.
21 King Street E., Toronto, Ontario M5C 1B3; (416) 361-3838

Master trust assets $2,800,000,000

The National Victoria & Grey Trust Co., formerly National Trust Co., has 38 master trust and master custodial clients. There are 11 account supervisors. The amount of assets given above, as of March 31, includes master custodial assets.

The size of the smallest master trust client is $2 million; the largest is $850 million.

Master trust services are available in Toronto, Montreal, Vancouver, Calgary and Edmonton. The services include trusteeship for consolidated and individual accounting; government reporting; and electronic or paper check pension payments. Master trust system capabilities include on-line terminal installation in client and investment counselor offices; cash flow projections; performance measurement; tape transmissions; automated income posting on a receivable basis; automated master trust unit purchases and redemptions; automated income and capital gain/loss distribution; security settlement system through Manufacturers Hanover; custodial agents in 10 European and three Asian countries; STIF; Toronto Stock Exchange 300 index fund; global (non-North American); call and put options; currencies futures; securities lending; and real estate and mortgage services.

Reporting features include standard and custom consolidated and individual reports; analytical reports; and statements delivered within 10 business days.

The client contacts are D.D. Landreville, vice president-employee benefit services; Charles Mecke, manager; and Julie Spergel, consultant.

The Northern Trust Co.
50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

Master trust assets $47,017,000,000
Master custodial assets $15,977,000,000

The Northern Trust Co. has 132 master trust clients and 45 master custodial clients. There are 24 account supervisors. In addition, all specialty services have a full consultant staff available for clients. Master trust assets are up $5.3 billion for the year ended March 31 and master custodial assets, $10.1 billion.

The size of the smallest master trust client is $14.2 million; the largest is $3.5 billion.

Settlement date accounting is used; trade date reporting is available.

Master trust services offered are legal administrative guidance; master consolidation reporting; cash management; benefit disbursing; participant record keeping; securities lending; global custody; performance measurement; portfolio analysis and comparison; asset allocation; long-range forecasting; investment manager consulting; GIC placement; ERISA reporting; customized reporting; fail float analysis; options and futures processing; strategic investment fund consulting and passive fund offering, including immunized and dedicated bond funds, commingled index funds, equity index financial futures fund; asset allocation control of portfolio through the use of futures; synthetic cash; and real estate consulting, particularly for sale-leasebacks.

Reports to clients are delivered three to five business days after the end of the period, with 24-hour on-line capabilities for accounting and performance reports.

Fees are based primarily on assets' market value.

The client contact is Michael S. Terry, vice president, at (312) 444-3972.

Norwest Bank Minneapolis, Capital Management & Trust
Eighth & Marquette, Minneapolis, Minn. 55479; (612) 372-5983

Master trust assets $2,400,000,000
Master custodial assets $6,000,000,000

Norwest Bank has 12 master trust clients and 15 master custodial clients. There are five account supervisors. Master trust assets increased $1.3 billion from last year and master custodial assets, $2.8 billion.

The size of the smallest master trust client is $1 million; the largest is $375 million. Trade date and settlement date accounting are available on a cash or accrual basis.

Master trust services include automatic cash management; benefit disbursement; cash forecasting; consolidated reporting; ERISA disclosure assistance; participant record keeping; performance measurement (with TUCS); plan accounting; securities lending; securities safekeeping; and security settlement.

Cash and asset reports are delivered to clients one to five days after the period's end; hard-copy plan reports are delivered 15 days after. On-line capabilities are possible.

Basic fees are based on assets' market value plus transactions.

The client contacts are Steve Dillanburg, assistant vice president-corporate endowments and foundations, and Bob Edgar, assistant vice president-corporate and public funds.

r

RepublicBank Dallas
P.O. Box 241, Dallas, Texas 75221; (214) 922-6506

Master trust assets $15,000,000,000
Master custodial assets $6,850,000,000

RepublicBank Dallas has 205 master trust clients and 23 master custodial clients. Master trust assets increased $2.9 billion from last year. There are 13 account executives.

The size of the smallest master trust client is $3 million; the largest is $4 billion.

Trade date and settlement date accounting are available. Accounting also is provided on a cash or accrual basis.

Basic master trust services include master consolidation reporting; cash management; cash forecasting, fail float earnings; on-line performance measurement; portfolio diagnostics; benefit payments and withholding; participant record keeping; 401(k) and PAYSOP administration; TUCS; securities lending; options processing; 150 accounting investment reports; plan accounting; international custody; ERISA reporting; customized reporting; index funds; and dedicated portfolios, either bonds or GICs.

Reports are delivered to clients five days after month's end. Report format options include on-line delivery and microcomputer.

Fees are calculated on a percentage of the market value and transaction charges.

The client contacts are David J. Pittman and Jerry L. Turner, senior vice presidents.

s

State Street Bank & Trust Co.
P.O. Box 1713, Boston, Mass. 02105; (617) 786-6353

Master trust assets $38,018,000,000
Master custodial assets $33,047,000,000

State Street Bank & Trust Co. has 90 master trust clients and 52 master custodial clients. There are 18 account officers and 33 account supervisors, servicing a total of 1,260 client portfolios.

State Street's master trust assets are up $7.9 billion for the year ended March 31; master custodial assets are up $10.1 billion.

The size of the smallest master trust client is $3 million; the largest is $15.2 billion.

In addition to tax-exempt pension and endowment accounts, State Street provides custody services for $158 billion in mutual fund assets. Accounting and record keeping is pro

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vided on a true trade date, full accrual basis.

Master trust services include safekeeping of assets; cash management through several short-term investment vehicles, including STIF, Maturity Plus STIF, Government STIF, SPIFF and SPIFF Plus; settlement and control of all portfolios trades; corporate action monitoring; determination and collection of income; cash availability reporting; accounting for options, futures and real estate; interactive general ledger accounting; DTC and FBE participation; on-line institutional delivery system; daily, weekly or monthly valuation of assets; fiduciary control; plan accounting, 401(k) capabilities; benefit payments; participant record keeping; securities lending; and global custody network with multicurrency accounting.

In addition, performance measurement and analytic services are offered, including a universe that comprises 354 portfolios, $29.5 billion in assets and 151 managers.

On-line access capabilities are available for portfolio accounting information and performance measurement. Clients can customize their reports and download their information through on-line access services using the IBM-PC. Reports are available in hard copy, microfiche and through remote printing capabilities.

The organization is client-driven and reports are delivered between five and seven business days after month's end.

Fees are based on asset value, portfolio structure and trading volumes. Optional services are unbundled.

The client contacts are Mike Herlihy, vice president for corporate, union, endowment and foundation plans, and J.D. Nelson, vice president for public funds.

t

Texas Commerce Bank

P.O. Box 2558, Houston, Texas 77252; (713) 236-5788

Master trust assets $1,500,000,000
Master custodial assets $2,600,000,000

Texas Commerce Bank has 18 master trust clients, 15 master custodian clients, and 63 other tax-exempt institutional custodial clients. Master trust assets increased $400 million in the year ended March 31. There are 10 account supervisors.

The size of the smallest master trust client is $4 million; the largest is $575 million.

Actual settlement date accounting is used.

Basic master trust services include legal administrative guidance; master consolidation reporting; cash management; benefit disbursing; participant record keeping; a limited securities lending capability; performance measurement; limited investment manager consulting; portfolio analysis and comparison; customized reporting; and options and futures processing.

Investment reports are delivered to clients 10 days after month's end. Fees are based on the volume of activity generated.

The client contact is Russell K. Schulze II.

u

United States Trust Co. of New York

45 Wall St., New York, N.Y. 10005; (212) 806-3834

Master trust assets $9,800,000,000
Master custodial assets $4,500,000,000

United States Trust Co. of New York has 70 master trust clients and

Canadian master trust banks*
($ millions)

Rank	Bank	Master trust	Master custody	Total
1.	The Canada Trust Co.	$ 2,780	$ 4,850	$ 7,630
2.	Montreal Trust	4,416		4,416
3.	Canada Permanent Trust	2,800	1,000	3,800
4.	The National Victoria & Grey	2,800		2,800
5.	International Trust Co.	275	900	1,175
6.	Guaranty Trust Co. of Canada	1,120		1,120
	Totals	**$ 20,756**	**$ 6,750**	**$ 27,506**

*Cutoff is $1 billion in combined Master trust/Master custodial assets

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33 master custodial clients. There are 10 account supervisors. Master trust increased $700 million from last year. Master custodial assets dropped $1.4 billion. The size of the smallest master trust client is less than $25 million; the largest is $2.3 billion.

Trade date and actual or contractual settlement date can be used for accounting procedures.

Master trust services include trade processing; safekeeping; collection of interest and dividends; weekly and cumulative monthly statements; monthly valuations and quarterly allocations and accounting.

Additional master trust capabilities include on-line performance measurement, investment diagnostics and analytics; passive investment; benefit disbursing; global custody; securities lending; ERISA reporting; customized reporting; options and futures processing; performance measurement and analytics; passive investment vehicle design; return optimizers; cash sweep; on-line customer accounting and valuations; off-site report generation; global custody; benefit payments; and securities lending. For eleemosynary institutions, tax-lot accounting, gift processing and regulatory reporting are offered.

Reports are delivered to clients two to 10 days after month's end.

Fees are unbundled and include account, transaction and asset value charges. Other charges exist for specialized products.

The client contact is Robert Pagano, vice president.

W

Wachovia Bank & Trust Co.

P.O. Box 3099, Winston-Salem, N.C. 27150; (919) 748-6348

Master trust assets	$13,000,000,000
Master custodial assets	$527,000,000

Wachovia Bank & Trust Co. has 37 master trust clients and five master custodial clients. Master trust assets increased $1 billion from last year. There are 10 account supervisors.

The size of the smallest master trust client is $13.1 million; the largest is $3.2 billion.

Trade date adjusted accounting is employed.

Master trust services include accounting; benefit disbursement; cash management; foreign custody; options and financial futures; securities lending; ERISA disclosure assistance; performance measurement; on-line access and portfolio review; legal administrative guidance; master consolidation reporting; and participant record keeping.

Reports are delivered 10 days after the end of the period, either on hard copy or on-line.

Fees are based on a combination of market value and specific services provided.

The client contact is Jane B. Fisher.

Wilmington Trust Co.

Rodney Square North, Wilmington, Del. 19890; (302) 651-8554

Master trust assets	$7,200,000,000
Master custodial assets	$100,000,000

Wilmington Trust has six master trust clients and 20 master custodial clients. Master trust assets increased $700 million from last year. There are five account supervisors.

The size of the smallest master trust client is $70 million; the largest is $5.2 billion.

Trade date accounting is used. It also has settlement date capabilities.

Basic master trust services include master consolidation reporting; cash management; benefit disbursing; participant record keeping; performance measurement; audit detail reports; global custody; ERISA reporting; executive summary; management detail; customized reporting; and options and futures processing.

Reports are delivered to clients 15 days after month's end.

Fees are based on a percentage of asset market value and trading activity.

The client contact is Richard W. Flynn, assistant vice president.

P&I Age will publish a report on middle market funds June 10.

Shakeout seen blurring . . .

Continued from page 19

west Bank, Minneapolis, believes there will be fewer than 10 major master trust players once the shakeout is complete, and those that make the cut will be banks that offer state-of-the-art technology.

"Unless you make the commitment to be state-of-the-art, you will have difficulty attracting clients," Mr. Edgar said. "That's the competitive nature of the business."

Master trust bank officers agree that developing technology and providing enhanced services are two keys to success in the future and each agreed this technology enhancement will not be cheap.

Chase Manhattan Bank, New York, the largest master trust bank in the country, has invested heavily in its master trust computer system. Officials at Chase estimate it would cost about $20 million to $25 million to replace existing hardware alone. Chase spends approximately $15 million annually on data processing and another $10 million on software development in its master trust area.

The bank is expanding its computerized master trust capability by installing a new facility, called Prism, using IBM computers to allow its clients to be totally on-line with direct access to the bank's data base. It will be implemented in phases, starting later this year, according to John Sweeney, Chase vice president.

"What I see out there is that everyone wants on-line management information," Mr. Sweeney said. "The depth and range of information is increasing all the time, and what we are doing is building a tremendous enhancement to our management information system."

He said even the regionals that survive the shakeout "will have declining business after a period of time because they will find the purchase and installation of on-line computer equipment will be far too expensive, and they need a large customer base to be able to install it. We couldn't get it unless we were large in the business and getting larger."

Mike Herlihy, vice president at State Street Bank and Trust Co., Boston, which has $71 billion in master trust and master custodial assets, said State Street spends $4 million each year on software alone in the area.

"We also have a dedicated systems development group of 50 people dedicated to the custodial business . . . enhancing existing systems and building new ones," he said.

If there is general agreement that a shakeout is taking place in the master trust industry, there is virtual unanimity that master trustees in the future will depend on computer technology and that it will be more difficult to select a master trust bank because they all will be offering essentially the same sophisticated services.

Clients will face a bewildering array of sophisticated technology designed to add specialized services to the basic master trust/custodial service, the experts say. The selection of a master trustee might depend on the human touch of how well client and bank interact with each other.

"It comes down to the chemistry of the people," said Norwest's Mr. Edgar. "If there is no greater expertise and if existing capabilities are the same, and usually it is the same . . . it comes down to the comfort level of the client with the people he meets and the reputation of the institution."

RepublicBank's Mr. Pittman said the future of the master trust bank depends on continually evolving and analyzing, anticipating and meeting client needs.

"What you are finding is that master trusts are doing what they are supposed to, but it is continually evolving all the time, which allows for cost reductions," he said.

"In the future, success will depend on being in there with state-of-the-art systems and having a commitment to continuing to be state-of-the-art, (and) secondly, having the professionals dealing with clients. You can have state-of-the-art systems, but if the people don't know what they are doing and aren't responsive, they aren't going to last long."

Mr. Pittman said it is the nature of the master trust provider to update and develop new peripheral services in order to meet client needs. He mentioned such developments as on-line performance measurement, index funds, analytics, aggressive cash management techniques, global custody arrangements, options and futures accounting and Depository Trust Co. transactions balance monitoring.

Mr. Pittman said master trustees increasingly are involved in pension fund activities.

"As these developments take place, we try to point out to the sponsors new ideas for administering the fund more efficiently," he said.

"It's going to be enhancement that makes the difference, the development of peripherals. The major difference is going to be responsiveness to clients and working with them in areas of cash management and performance measurement."

Regional master trust providers who will not be on the cutting edge of technology development will remain competitive and would do well to develop special niches, according to Richard W. Hibbs, vice president at Centerre Trust Co. of St. Louis.

"For the regionals, if they are smart, they will provide a competitive level of technology," Mr. Hibbs said. "We're not going to invent things, but will provide them after they have been received in the marketplace and will customize these systems to meet client needs.

"The so-called second tier of master trust banks will have the benefit of seeing what works and will maintain their reputations with accepted technology rather than being on the cutting edge."

These second-tier institutions also can maintain profitability and client base by specializing in niches like Taft-Hartley funds, endowments or other narrow-target areas, said Mr. Hibbs.

"We have targeted the Taft-Hartley area and feel we have a good relationship in that area and it is the kind of business we want to pursue," he said.

The technology development argument does not inspire agreement from Mr. Feldman, a master trust search consultant with Hewitt Associates.

"Most enhancements to master trusts have been of little economic benefit to their clients in my view," Mr. Feldman said. "Daily sweeps and securities lending clearly had an economic advantage. I'm not sure the sophisticated performance management systems, exotic screens and filters have had an economic benefit. These new systems developments have been largely for marketing purposes.

"Most plans don't need them. They need basic accurate accounting and timely reports. The banks with systems in place can develop the reports, and after that it is the people that will make the difference. The people who will take the time to make sure the reports are out on time and who work to track down any errors that may occur. Once the basic system is in place, it becomes a people business like any other banking service.

"The searches I've been involved in recently usually come down to the same few organizations. It is difficult for the client to choose one. I encourage them to visit the bank. They all seem to have a different personality. While the major players are difficult to distinguish (by services offered), they each have separate and distinct personalities which can be evaluated."

All the talk of technology development and sophisticated computer systems also has a note of irony.

Pension fund assets are swelling because of superior investment returns and research shows most pension funds are well funded today, causing many to terminate overfunded plans to recover surplus assets.

"If they terminate the plan and cash out and start a new defined benefit plan, it usually will be a less complicated plan. The irony is that the master trusts are becoming more sophisticated where the trend is to more simplicity in the pension plans," Mr. Feldman said. ■

Datebook entries

Pensions & Investment Age's regular **Datebook** section has expanded its coverage considerably.

In addition to its general coverage, it includes listings of upcoming events in the categories of real estate, corporate finance and cash management.

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Trustees smooth transitions

Funds welcome aid

By Trudy Ring

Pension fund officials say their master trustees help smooth what could be a bumpy road when investment responsibility is shifted from one manager to another.

Although they vary in the amount of assistance they ask of their master trustees in such cases, the pension executives interviewed said they generally receive the type of service they need from master trust banks.

"They certainly make the process much easier," said J.A. Stone, assistant treasurer of Ex-Cell-O Corp., Troy, Mich. The pension fund's master trustee, National Bank of Detroit, has performed valuable services when management changes were made, he said. However, the fund hasn't had frequent management changes.

"The last time we made any changes was in 1983, when we hired two new equity managers," Mr. Stone said. "Having a master trustee was just terrific. We got good, prompt lists of the assets and current market prices."

From those lists, he said, the new managers could determine which securities they wanted to continue to hold and which they wanted to sell.

A big plus in having a master trustee, he said, was the assets never actually had to change hands — they all were held at the bank. "It's so great because you know you're not going to miss a step," Mr. Stone said. "If you're working between two independent managers, there's so much more that could happen."

H. Scott Snead, manager of pension investments for Johnson & Johnson, New Brunswick, N.J. agreed the process of making management changes is much smoother with a master trustee than without.

He said he had experience in changing managers without the help of a master trustee when he was with another company.

"I was directing a lot of the sales and transfers and I found it very awkward," Mr. Snead said.

However, the only management change he has made at Johnson & Johnson went "smoothly and with alacrity" with the help of the fund's master trustee, Bankers Trust Co., New York. He just notified Bankers Trust of the change and the trustee took care of it, he said.

Another pension sponsor that has had infrequent investment management changes, but found its master trustee helpful in those cases, is Deere & Co., Moline, Ill. Deere, which runs about two-thirds of its assets in-house, has hired only one manager and terminated two in the past five years, said Carl Liebscher, director of investments.

"When we did do the shifting, we had some assistance that we had asked for from the master trustee," Mr. Liebscher said. Deere's master trustee is Boston Safe Deposit & Trust Co.

He noted some shifts don't call for much assistance. Shifting assets from one in-house account to another is "a matter of extreme simplicity," he said.

Other shifts, however, are more complex. For instance, GATX Corp., Chicago, recently did a major restructuring of its pension fund management roster, hiring six firms and dropping seven. Its master trustee, Northern Trust Co. of Chicago, was "very helpful" in the shift of assets, said Mark Gutman, manager of pension fund investment.

GATX officials weren't available for further comments on the nature of the assistance. Northern Trust officials declined to discuss the GATX situation in particular, but said there are several services they generally perform when management changes are made.

Normally, the master trustee selects an effective date for the termination and puts together a list of the terminated manager's assets, said Doug Mitchell, vice president and head of Northern's master trust services. The trustee and sponsor can show these assets to the new manager or managers, who then can decide which securities to retain.

"Because it's still with the same trustee, that new manager is in a position right there to begin to run those assets, day one," Mr. Mitchell said. ■

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Continental Illinois National Bank and Trust Company of Chicago, 231 S. LaSalle Street, Chicago, Illinois 60693

Banks rush . . .

Continued from page 19

Wells Fargo Bank has 18 master trust clients with $2.7 billion in assets and 12 institutional custody clients with $1.5 billion in assets, Mr. Kozlen said.

As "preferred successors," the bank has chosen Boston Safe Deposit and Trust Co. for the master trust accounts and First Interstate Bank of California, Los Angeles, for the custodial accounts, he said.

"Clearly, we will cooperate with any designated successor," Mr. Kozlen added. He declined to say if the bank will receive a fee for referring clients to Boston Safe or First Interstate.

The cost of providing master trust services is a factor that might lead to more regional banks leaving the business, Mr. Kozlen said.

"We believe the major participants are spending, in some cases, millions of dollars a year on enhancements," he said.

Costs were a factor that led to FNB Chicago's decision. Because overhead is high in the master trust business, it is difficult to support without a very large client base. FNB Chicago officials said the directed trust operation took a disproportionate share of resources for the amount of the market it represented. They said the service's profit margin fell below internal and industry standards.

In announcing the decision to leave the directed trust business, Lawrence Russell, senior vice president, said, "Only those few banks that have positioned themselves as major providers of directed trusts will be able to achieve satisfactory profit margins from this business in future years."

FNB Chicago chose Northern Trust Co., Chicago, as its preferred successor, but will cooperate with any other that a client chooses, said Keith Brown, vice president for marketing. Several clients have gone to Harris Trust & Savings Bank, Chicago.

FNB Chicago intends to close out its master trust accounts by year end, while Wells Fargo plans to be out of the business by midyear, officials said. Mr. Brown noted FNB Chicago's investment subsidiary, First Chicago Investment Advisors, will retain the capacity to provide record keeping and accounting services for its clients.

Despite the costs involved, banks are rushing to serve FNB Chicago and Wells Fargo clients.

Lloyd Hudgions, director of trust fund administration for Whirlpool Corp., Benton Harbor, Mich., said he was contacted by about 30 banks wanting to replace FNB Chicago as trustee.

Whirlpool narrowed the field by limiting finalists to those from the Midwest, and chose National Bank of Detroit as the new master trustee for its $708 million in employee benefit assets, Mr. Hudgions said.

An official of the Kaiser Steel Corp. pension fund in Fontana, Calif., said the company has been contacted by nearly every major bank since Wells Fargo made its announcement. Fund officials expect to hire a new master trustee no later than mid-June.

Several other Wells Fargo clients, such as Clorox Co., Oakland, Calif., and the American Chemical Society, Washington, D.C., still are searching for new master trustees or custodians.

A few clients ended custodial or master trustee relationships with Wells Fargo before it announced it was discontinuing the service.

Baker International Corp., Orange, Calif., had three pension funds under three trustees — First City National Bank, Houston; Wachovia Bank & Trust Co., Winston-Salem, N.C.; and Wells Fargo. To achieve economies of scale, the company consolidated the $200 million in funds under one master trustee, Northern Trust.

Hewlett-Packard Co., Palo Alto, Calif., with less than $1 billion in employee benefit assets, chose Harris as master trustee, effective May 1. Wells Fargo and Crocker National Bank, San Francisco, were dropped.

Several FNB Chicago clients, including Baxter Travenol Laboratories Inc., Deerfield, Ill., Harnischfeger Corp., Milwaukee, and Edward Hines Lumber Co., Chicago, had not hired new master trustees at press time. Those that had selected replacements generally said the transition didn't create major problems.

"It has worked out rather well," Whirpool's Mr. Hudgions said. "They (FNB Chicago) have been just super with us as far as the conversion process. I think First of Chicago is a class organization."

"They're not the only provider of such services in the world, so you make alternate arrangements," said Arnold Brookstone, chief financial officer of another former FNB Chicago client, Stone Container Corp., Chicago. "It's not a big deal."

Stone Container chose Harris as the new master trustee for its $21.3 million in pension assets.

Also going with Harris was Stepan Co., Northfield, Ill., with $24.6 million in assets. Harris, one of four candidates, won out because of its systems, support personnel and existing commercial banking relationships with Stepan, said Andrew Koszyk, manager of credit and banking. The arrangement is effective Sept. 1.

Another that went to Harris was SFN Cos. Inc., Glenview, Ill., with $72 million in assets.

Brunswick Corp., Skokie, Ill., hired Irving Trust Co., New York, as master trustee for its $245 million in benefit assets. "Their service, we felt, was the best for our requirements," a company official said. The firm looked at more than a dozen candidates.

Kerr-McGee Corp., Oklahoma City, chose Mellon Bank, Pittsburgh, as master trustee for its $175 million pension fund. More than 10 banks were considered.

Inland Steel Co., Chicago, went with FNB Chicago's preferred successor, Northern Trust, as master trustee for its $1 billion in pension assets. However, FNB Chicago's statement of preference had no influence on the choice, a company official said. He added the transition was "no problem."

No statistics were available on how many of FNB Chicago's other directed trust clients have gone to Northern Trust.

However, Quigg Porter, a Northern Trust vice president, did say "movement to the Northern Trust Co. is proceeding apace. The Northern Trust feels it was a good match."

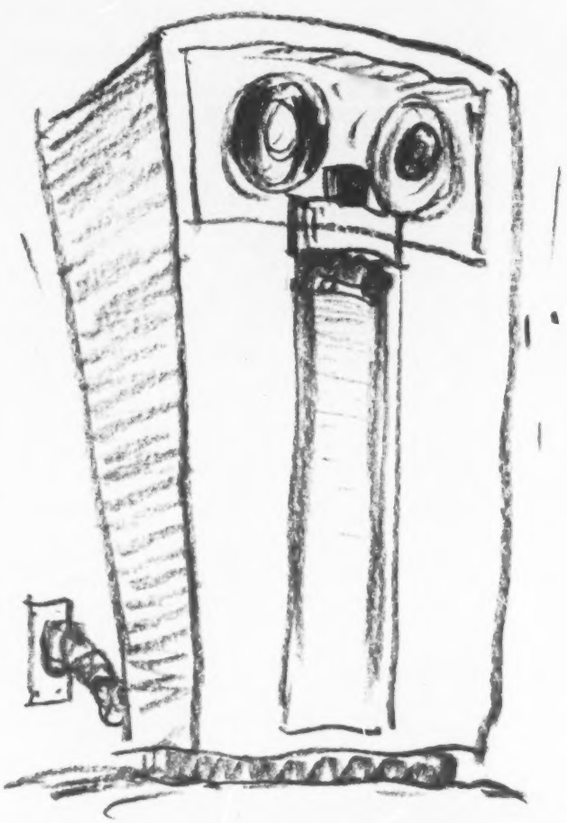
As for staying in the master trust business while other banks are getting out of it, Mr. Porter said, "Any bank, to be a significant competitor in the master trust area, must have sufficient capital to commit to the business. It's understandable that some banks will have trouble achieving the necessary scale in master trust."

FNB Chicago's Mr. Brown said bank officials continue to believe the decision to leave the directed trust business was the right one in view of the market share.

"We have no appetite for returning to the directed trust business," he said.

FNB Chicago had master trust clients with assets of $7.8 billion, ranking it 21st among master trustees in last year's *Pensions & Investment Age* survey.

Mr. Brown noted any hindsight about the decision would be relatively short hindsight, as the bank's directed trust clients are still making the transition. ■



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Foundations lag indexes

NEW YORK — Endowments and foundations underperformed the Standard & Poor's 500 stock index and Salomon Brothers Corporate Bond index during the first quarter of 1985, according to Colonial Consulting Corp. Inc.

The New York consulting firm's endowment and foundation data showed gains of 6% during the three months ended March 31 and 15.7% for the 12-month period.

Measured against a base rate of 100 in March 1975, the combined index advanced to 286.88 from 270.55 at the end of the previous quarter and from 248.01 a year ago.

The typical endowment and foundation fund in the survey has an asset mix of 60% stocks and 40% bonds and cash, according to John K. Goodrich, president of Colonial Consulting. A portfolio with a similar mix invested entirely in the S&P and Salomon Brothers indexes would have returned 6.7% for the quarter and 19.8% for the year, Mr. Goodrich said.

The endowment component of the index advanced 5.9% in the first quarter of 1985, to 286.79 from 270.85 (against a base rate of 100 in March 1975), and 15.3% during the past 12 months, to 286.79 from 248.81.

The foundation component showed a slightly stronger gain of 6.2% from the latest three months and 16.1% for the year, to 276.38 from 260.17 and 237.99 respectively.

The mean rate of return of the universe was 5.8% for the quarter and 16.9% for the latest 12 months.

Mr. Goodrich noted the index never has caught up to the Consumer Price Index since falling behind in the first quarter of 1973.

But he pointed out the most recent data show it to be as close as it ever has been since then.

Measured against a base rate of 100 in 1971, the index has a mean value of 257, compared to 259 for the CPI, Mr. Goodrich said.

The index is compiled from 81 participating funds ranging in size from $400,000 to $2.5 billion, invested by a total of 66 institutions.

Soft-dollar use . . .

Continued from page 19

said an official at one soft-dollar broker, "but the ones we're seeing are very large."

While relatively few funds are taking advantage of soft dollars to pay their master trustee bills and all banks interviewed in the phone survey accept such payments, the potential for trimming costs is substantial.

Soft dollars cover between one-third and one-half of the master trustee fees incurred by the $350 million CIBA-Geigy Corp. pension fund, said Jon W. Swenson, assistant treasurer of the Ardsley, N.Y.-based firm.

However, the very size of master trustee fees might be a negative factor in their being offset by soft dollars.

Master trustee fees run roughly three to five times as large as consultant fees, depending on the size of the fund, the level of services performed and the type of managers, explained David Pittman, senior vice president of RepublicBank Dallas.

"You just can't direct that amount of commission business," said Lynch, Jones' Mr. Jones. Investment managers cannot handle more than 15% to 20% of their trades being directed or execution will suffer, he said.

In addition, publicity and an ominous regulatory environment have scared pension funds from using soft dollars more often, some said.

Concerns raised by the Department of Labor and the Securities and Exchange Commission about the rebates have caused pension executives to place a freeze on expanding their soft-dollar activity, some said.

"People are very cautious because the SEC and the DOL are looking at it," said John Sweeney, vice president of Chase Manhattan Bank, the nation's largest master trustee.

While several saw no legal problem in using soft dollars to pay consulting fees, some said using them for master trustee fees fell into a "gray area."

Performance measurement supports investments, while master trustee duties are more administrative, explained RepublicBank's Mr. Pittman.

The $1.5 billion National Rural Electric Cooperative Association pension fund limits use of soft dollars to "non-controversial" areas, such as consulting fees, noted Peter Morris, manager of investments for the Washington-based fund.

The government's actions have angered some.

"Washington is setting the pension industry into a sting operation," said Jon Brightman, vice president of Harris Trust and Savings Bank, Chicago.

The SEC and the Labor Department "are waiting for there to be so much abuse that they will close down (soft-dollar payments) for good," he said.

However, others do not believe the government will shut the door on soft-dollar payments, although some government officials have said they personally favor unbundled commissions (*Pensions & Investment Age*, Feb. 4).

"I think the government aspect of this has substantially clarified the area," said Carl Acebes, chairman of Rochdale Securities Corp., a New York-based broker that makes soft-dollar payments for pension fund clients.

However, he thinks fund-directed brokerage has reached a plateau. Client-directed business "might grow in dollar amount but not in percentage terms," he said.

But others foresee an expanding use of soft dollars by pension funds.

"I also see more plan sponsors moving in that direction and more master trustee banks getting involved in understanding how it could be done," said Richard McSherry, vice president of Kent Associates, the money-management arm of Abel/Noser Corp. of New York, which has advocated pension fund use of soft dollars.

Four major bank trust departments have asked Kent Associates for advice recently, Mr. McSherry said.

"Every year when fee discussions come up and master trust fees go up, that's a very tough discussion," he said. ■

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PIPER

The statistical data are extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

Eclectic managers unusually successful

By Alan Krauss

Investment managers that followed a mixed bag of strategies led commingled special equity funds to an unusually successful first quarter in 1985, according to the most recent PIPER results.

More than 55% of the funds surveyed for Pensions & Investments' Performance Evaluation Report turned in better returns than the benchmark Standard & Poor's 500 stock index, which advanced 9.2% during the three months ended March 31.

Among the PIPER funds, Citibank's $230 million Special Situations fund was in the top spot for the quarter, returning 17.7%. The median PIPER return was 10.1%.

Citibank's fund is invested in stocks of companies or industries whose basic businesses are undergoing secular restructuring, according to portfolio manager Ron Wiener, a vice president of Citicorp Investment Management. Cyclical considerations are relegated to a secondary, or even tertiary, level, he said.

"We're looking for change at the interior level of a business, either for internal reasons — if a company is reorganizing — or for external ones, for example, if an industry is being deregulated. We're looking for change that is endemic to that company," Mr. Wiener said.

He said one important reason for the fund's success during the first quarter was a heavy investment in a variety of broadcasting stocks, among them **Storer Communications Inc., Capital Cities Communications Inc., Cox Communications Inc., The Washington Post Co.** and **Telecommunications Inc.**

Mr. Wiener said he got into the industry about a year ago in anticipation of expanded Federal Communications Commission limits on broadcast station ownership. The move paid off when the FCC announced it would allow a single company to own as many as 12 television stations.

Apart from its broadcast holdings, Mr. Wiener said, the fund is an eclectic collection of stocks with no industry bias.

He foresees no shift in the fund's investment strategy in the near future. Mr. Wiener said he plans to maintain a "not-insignificant" position in broadcasting stocks, but that because they have become increasingly expensive, he will begin to shift some cash flow to new areas of investment, which he declined to identify.

HT Investors Inc. of Providence, R.I., rode last winter's roller-coaster market to the second-best return for the year's first quarter, 17.6%.

Dave Mulanaphy, one of the $10 million fund's two portfolio managers, said the reason for the outstanding quarter was simple: "In a nutshell, we were overweighted in technology stocks that we bought last fall."

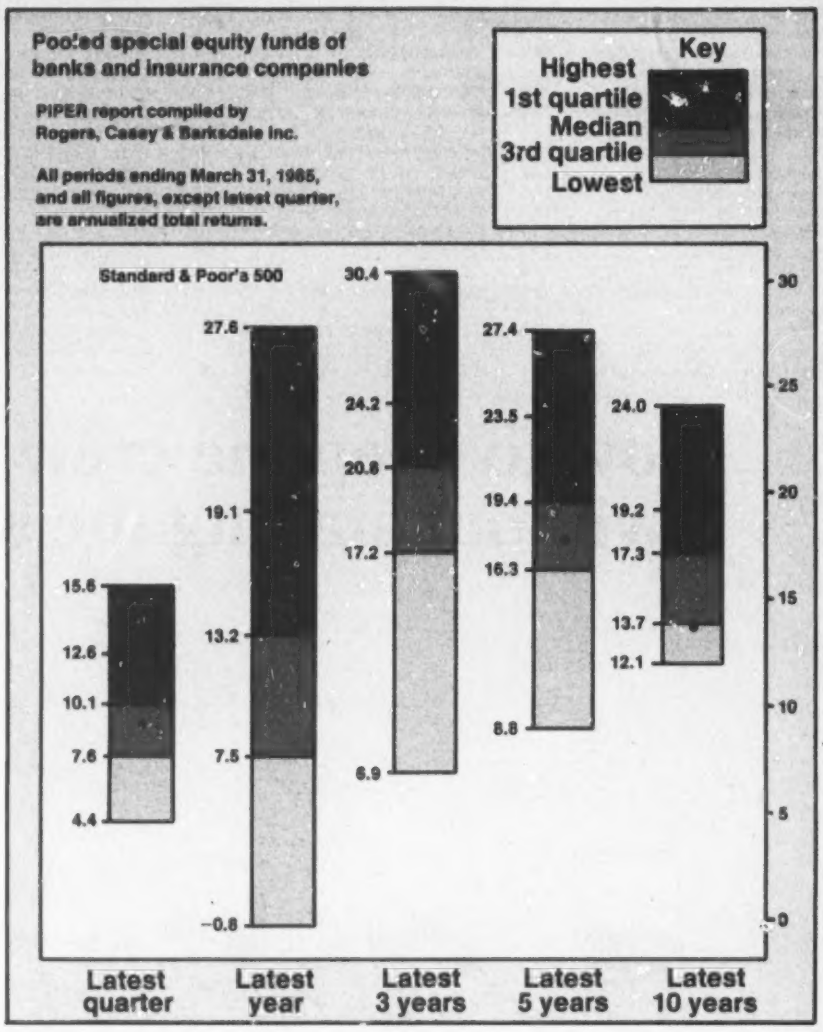
He said he sold most of them in early February at good profits, including **Apollo Computer, Emulex Corp., Western Digital** and **Digital Switch**.

"These things were up on stilts and so I took some profits," he said.

Mr. Mulanaphy said that after temporarily sitting on the cash generated by the February sales, the fund now has adopted a more defensive posture. He said he doesn't know whether the fund will return to technology stocks this year.

"The signs continue to show a very weak economy and obviously these companies are

Continued on page 39



International managers fail to beat the market

By Rose Darby

The first quarter of 1985 held challenges that made it difficult for international and global managers to outperform the market, figures in Pensions & Investments' Performance Evaluation Report show.

Indeed, Capital International's Europe Australia Far East Index outperformed all 29 of the bank and insurance company commingled funds monitored, with a time-weighted compound annual total return of 9.6% for the quarter.

PIPER tracks and compares the investment returns of both equity and bond international and global portfolios because of the scarcity of funds in the universe and the relatively short time the area has existed as an option for U.S. investors.

Bankers Trust Co., New York, had the champion fund for the quarter ended March 31, with a time-weighted compound annual total return of 9.5% for its equity portfolio.

That $60 million portfolio is run by BT Investment Management in London, explained Jeremy Fillenham, managing director.

During the coming year, "One of the major influences will be continued turmoil on the currency front," he said. "I would certainly expect the dollar to fall over the current year."

There is considerable potential for investors in countries such as West Germany and Japan, which have considerable potential for domestic growth in the coming year, unlike the United States, he said.

"Against that backdrop, corporate profits outside the U.S. should be capable of showing further growth," Mr. Fillenham concluded.

Coming in a close second for the quarter was American National Bank & Trust Co., Chicago, with 9.4%.

The reason for that $10 million equity portfolio's success was that it is an index fund, explained Jack Tilton, senior vice president and head of investment management.

Chase Manhattan Bank, New York, had the third best performing fund for the quarter, with a 7.6% return on its global equity fund, and HT Investors, Providence, R.I., was fourth, with 7.4% on its international equity fund.

For the year ended March 31, the top performer was First National Bank of Chicago's International Dollar Fixed Fund, with a 17.9% time-weighted compound annual total return.

That $46 million fund is managed by First Chicago Investment Advisors.

It is made up of international dollar-denominated Eurodollar and Yankee dollar bonds, said Nimrod Fachler, assistant vice president.

"We don't think in terms of maturity but more in terms of duration," he explained.

When yields are expected to fall, lengthening duration of a portfolio improves the chances for capital appreciation, he said.

"This year ended March 31, we were carrying a duration higher than current indexes since yields were falling," Mr. Fachler said.

As a result, "we got a better capital appreciation and therefore a better total return than the marketplace."

"Next year, there is still room for yields to keep falling," he said. "So, we will maintain a very aggressive posture, which means a high-duration position and if we are right and yields continue to fall, then we should be able to beat the index by a substantial margin."

On First Chicago's heels for the year is Prudential Insurance Co. of America, Newark, N.J., with an 11.3% time-weighted compound annual total return on its global bond fund.

Crocker National Bank, San Francisco, was third with 9.2% on its foreign equity fund.

The EAFE index returned 2.5% for the year.

For the three years ended March 31, IDS Trust Co., Minneapolis, was the leader with a 22.7% compound annual time-weighted total return.

Bankers Trust's international equity placed second with 20.4% return and First Chicago's international dollar fixed fund was third with 19%.

The EAFE had 18.2% time-weighted compound annual return for the three-year period.

If the time periods are extended to five and 10 years, the number of funds reporting thins dramatically. Only 10 of the 29 funds in the PIPER international universe were ranked for those periods.

For the five years, First Chicago topped the list with a 15.9% compound annual time-weighted return on its international dollar fixed fund.

U.S. Trust Co., New York, was second with 15.4% on its international pooled fund and Bankers Trust was third with 14.9% on its international equity fund.

The EAFE returned 14% for the five-year period.

For 10 years, only four portfolios reported results. First among these was U.S. Trust with a 13.8% annualized time-weighted total return.

Morgan Guaranty was second, with a 12.8% return on its international equity fund. ■

Commingled international funds

3-month returns

	%
EAFE	9.6
Bankers Trust, N.Y.	9.5
American National, Chicago	9.4
Chase Manhattan, N.Y.	7.6
HT Investors, R.I.	7.4
Marine Midland, N.Y.	7.2
Travelers Hill Samuel, Conn.	6.9
First of Chicago	6.9
Fidelity Mgmt. Trust, Mass.	6.3
American Security, D.C.	6.2
Bessemer Trust, N.Y.	5.8
CIGNA Corp., Conn.	5.6
Aetna Montagu, Conn.	5.1
Centerre Trust, Mo.	5.1
Morgan Guaranty, N.Y.	5.1

1-year returns

	%
First of Chicago ($ fixed)	17.9
Prudential (global bond), N.J.	11.3
Crocker Natl., Calif.	9.2
EAFE	2.5
American Natl., Chicago	2.0
Morgan Guaranty (bond), N.Y.	0.8
Bankers Trust, N.Y.	0.5
Travelers Hill Samuel, Conn.	0.2
First Chicago (equity)	-1.9
Prudential (Foreign bond), N.J.	-2.7
American Security, D.C.	-4.4
U.S. Trust	-4.7
First of Chicago (non $ fixed)	-5.7

3-year returns

	%
IDS Trust, Minn.	22.7
Bankers Trust, N.Y.	20.4
First of Chicago ($ fixed)	19.0
EAFE	18.2
U.S. Trust, N.Y.	17.9
American Security, D.C.	17.6
American Natl., Chicago	16.3
First of Chicago (equity)	16.1
Centerre Trust, Mo.	16.0

5-year returns

	%
First of Chicago ($ fixed)	15.9
U.S. Trust, N.Y.	15.4
Bankers Trust, N.Y.	14.9
EAFE	14.0
American Natl., Chicago	12.8

10-year returns

	%
U.S. Trust, N.Y.	13.8
Morgan Guaranty (equity), N.Y.	12.8
EAFE	12.7

Commingled special equity funds

3-month returns

	%
Citibank (Spec. Sit.), N.Y.	17.7
HT Investors R.I.	17.6
Republic Natl., Dallas	17.4
Security Pacific (Fund G), Calif.	16.8
First Trust, St. Paul	16.2
Connecticut Natl. Bank	15.5
Valencia Bank (Fund A), Calif.	15.1
Northern Central, Pa.	15.0
Lincoln Natl., Pens., Ind.	14.9
First of Boston (Eq. II), Mass.	14.6
First Pennsylvania Bank	14.2
First Wisconsin Trust	13.8
Republic Natl., Dallas	13.7
First of Neenah, Wis.	13.6
Fidelity Mgmt. Trust, Mass.	13.4
American Security, D.C.	13.2
First of Maryland	13.1
Trust Co. of the West	13.0
Manufacturers Hanover, N.Y.	12.9
Continental Illinois	12.9
First of Minneapolis	12.8
Seafirst Bank (N.W. Fund), Wash.	12.7
Natl. Bank of Commerce, Tenn.	12.6
Merchants Natl., Ala.	12.6
First Tennessee, Memphis	12.2
Harris Trust, Ill.	12.0
Equitable Bank, Md.	11.8
First of Neenah, Wis.	11.8
Mellon Bank, Pa.	11.5
Oregon Bank	11.5
California First Bank	11.4
Wachovia Bank, N.C.	11.3
Morgan Guaranty, N.Y.	11.3
Bankers Trust, N.Y.	11.2
Merchants Natl., Pa.	11.2
Old Second Natl. (HR10), Ill.	11.1
Northern Trust, Ill.	11.0
Prudential (Piform), N.J.	11.0
MTrust, Texas	10.9
InterFirst Inv. Mgmt., Texas	10.7
AmeriTrust, Ohio	10.6
Prudential (Midco), N.J.	10.6
Trust Co. of Georgia (B)	10.4
MBank, Austin, Texas	10.3
Central Trust, Ohio	10.3
Citibank (R.E. stock), N.Y.	10.2
Standard & Poor's 500	**9.2**

1-year returns

	%
Citibank (R.E. stock), N.Y.	32.9
First Trust, St. Paul	32.0
First of Minneapolis (No. 20)	30.0
MBank, Austin (Keogh), Texas	28.5
Citibank (Spec. Sit.), N.Y.	27.7
Republic Natl., Dallas	27.6
First of Neenah, Wis.	26.0
National Bank of Detroit	24.4
Fidelity Mgmt. Trust, Mass.	24.4
United Virginia Bank	23.0
Prudential (Priform), N.J.	22.8
First of Maryland	22.3
Mellon Bank, Pa.	21.8
First of Boston (Eq. II), Mass.	20.6
Valencia Bank (A), Calif.	20.5
Connecticut National Bank	19.8
First Pennsylvania Bank	19.8
First of Boston (Eq. II), Mass.	19.7
First Wisconsin Trust	19.7
Old Second Natl. (HR10), Ill.	19.6
Trust Co. of Georgia (B)	19.4
Mutual of New York	19.4
InterFirst Inv. Mgmt , Texas	19.3
Trust Co. of the West	19.0
Standard & Poor's 500	**18.9**
Merchants Natl. (No. 2), Ind.	18.9
Seafirst Bank (N.W. fund), Wash.	18.5
Bank of New York (A)	18.0
Manufacturers Hanover, N.Y.	17.5
Sovran Bank, Va.	17.2
Sentry Life (A), Wis.	16.9
Bankers Trust, N.Y.	16.8
Prudential (Midco), N.J.	16.6
Morgan Guaranty, N.Y.	16.5
Chase Manhattan (Spe. E.), N.Y.	16.3
First of Neenah, Wis.	16.2
Chase Manhattan (Int. cap.), N.Y.	15.7
Trust Co. of Georgia	15.4
First National of Tulsa	15.2
Lincoln Natl. Pens., Ind.	15.1
Merchants National, Ala.	15.0
First of Chicago	15.0
HT Investors, R.I.	14.8
Oregon Bank	14.7
Citibank (Fund F), N.Y.	14.6
Merchants National, Pa.	14.1
MTrust, Texas	13.2

3-year returns

	%
Security Pacific (G), Calif.	40.4
Citibank (R.E. stock), N.Y.	36.8
Provident National, Pa.	31.8
First Trust St. Paul	31.2
Natl. City Cleveland (R.E.)	29.6
Connecticut National Bank	29.3
Citibank (Spec. sit), N.Y.	29.2
Wachovia Bank (Div.), N.C.	28.8
California First Bank	28.7
First of Maryland	27.4
First Pennsylvania Bank	27.3
Prudential (Priform), N.J.	26.0
Prudential (Midco), N.J.	26.0
Chase Manhattan (Value), N.Y.	26.0
National Bank of Detroit	25.8
United Virginia Bank	25.7
First of Boston (Eq. yld.), Mass.	25.2
Connecticut Bank & Trust	24.9
Manufacturers Hanover, N.Y.	24.5
First of Boston (Eq. II), Mass.	24.4
Citibank (F), N.Y.	24.1
Norwest Bank, Minn.	23.8
Chase Manhattan (Spe. Eq.), N.Y.	23.8
Central National Cleveland	23.8
InterFirst Inv. Mgmt., Texas	23.6
First of Chicago	23.5
American Security, D.C.	23.4
Bankers Trust, N.Y.	23.3
MTrust, Texas	23.3
Equitable Life (Spe. Eq.), N.Y.	23.2
First Wisconsin Trust	23.2
Standard & Poor's 500	**23.2**
Merchants Natl. (Spe. Stk.), Ala.	22.7
Chase Manhattan (Int. Cap.), N.Y.	22.1
Mutual of New York	21.8
Morgan Guaranty (Small), N.Y.	21.6
Morgan Guaranty (Suppl.), N.Y.	21.5
Merchants National, Pa.	21.4
MBank, Austin, Texas	21.3
Sovran Bank, Va.	20.9
Northern Trust, Ill.	20.8
First of Minneapolis	20.8

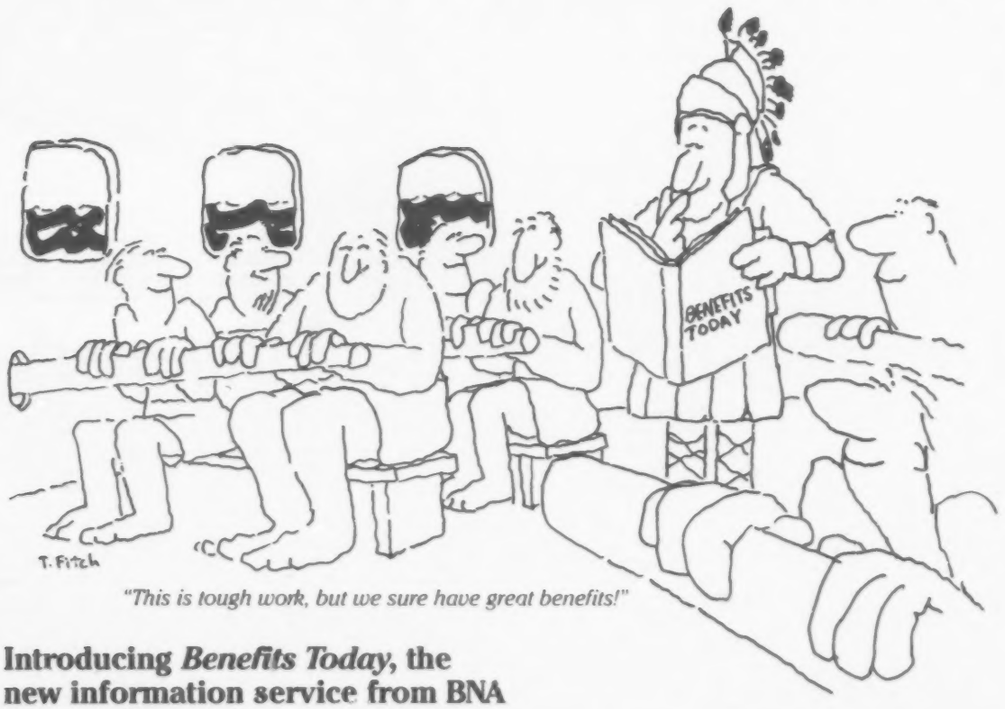
5-year returns

	%
California First Bank	34.1
Provident National, Pa.	30.0
MTrust, Texas	27.5
Merchants Natl. (Spe. stk.), Ala.	27.4
First of Maryland	27.2
Northern Trust, Ill.	26.5
Northern Central, Pa.	25.6
Norwest Bank, Minn.	25.2
First of Chicago	24.9
Citibank (Spe. sit.), N.Y.	24.8
Bankers Trust (Sup. Eq.), N.Y.	24.7
First Trust St. Paul	23.8
Continental Illinois (No. 2)	23.8
First of Boston (Eq. II), Mass	23.6
Chase Manhattan (Spe. Eq.), N.Y.	23.6
Chase Manhattan (Value), N.Y.	23.4
InterFirst Invt. Mgmt., Texas	23.3
Connecticut Bank & Trust	22.5
First Pennsylvania Bank	22.4
Prudential (Priform), N.J.	22.3
Citibank (F), N.Y.	22.2
United Virginia Bank	21.7
Equitable Life (Spe. Grow), N.Y.	21.5
First Interstate of Nevada	21.1
First Wisconsin Trust	20.9
Chase Manhattan (Int. Cap.), N.Y.	20.6
First of Boston (Yield)	20.4
Morgan Guaranty, N.Y.	20.4
Natl. City Cleveland	20.1
Metropolitan Life (No. 5), N.Y.	19.4
Standard & Poor's 500	**17.9**

10-year returns

	%
MTrust, Texas	27.6
Equitable Bank, Md.	24.8
First of Maryland	23.2
California First Bank	23.0
Chase Manhattan (Spe. Eq.), N.Y.	22.5
Northern Central, Pa.	22.3
Bankers Trust (Sup. Eq.), N.Y.	21.1
Connecticut Bank & Trust	20.2
National City Cleveland	19.7
Provident National, Pa.	19.2
Morgan Guaranty, N.Y.	19.2
InterFirst Inv. Mgmt. Texas	19.0
Citibank, N.Y.	18.9
Equitable Life, N.Y.	18.8
Manufacturers Hanover, N.Y.	18.6
Continental Illinois	18.0
Chemical Bank (F), N.Y.	17.9
Metropolitan Life (No. 5), N.Y.	17.8
AmeriTrust, Ohio	17.8
Norwest Bank, Minn.	17.5
Standard & Poor's 500	**13.5**

How to keep the crew happy without sinking the ship



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Real Estate

Bell executives find TREET a little confining

By Mark Westerbeck

CHICAGO — Internal managers of the new Bell holding companies indicate they are chafing under the weight of the Telephone Real Estate Equity Trust, raising the possibility some are encouraging the liquidation of the $4 billion portfolio sooner rather than later for the planned 10-year life of this special closed-end fund.

U S WEST Inc., Denver, already has sold almost half of its share in TREET to other "baby Bells," as provided for in the divestiture decree. James J. Biundo, director of trust investment management, suggested strongly at this month's meeting of the Pension Real Estate Association he wouldn't mind getting out from under the remainder.

Two other executives, Richard E. Holmes of Pacific Telesis Group, San Francisco, and Donald W. Phillips of American Information Technologies Corp., Chicago, also made sounds that they're not fully content with the current setup, and some attending the meeting speculated this will lead the former corporate parent to act on cashing out.

None of the executives expresses dissatisfaction with the portfolio itself, which employs 22 investment advisers and is extremely well-diversified, mostly in direct investments with a mix of commingled fund interests. Nor do they mention the management fee they are said to be paying to American Telephone & Telegraph Co.'s investment staff, outside of the fee TREET has to pay to the advisers.

They can't be blamed for feeling they could add value. TREET is so vast and diverse, it acts like an index fund: It returned 13.1% in 1984, according to Mr. Holmes. For the same period, the only "fund" that's bigger — Prudential Asset Management's PRISA — returned 14.5%, and Equitable Real Estate Investment Management's Separate Account #8 showed 14.1%.

The key issue is that the heads of the newly formed multibillion-dollar funds have trouble coming to grips with having control over all but a 5% to 8% segment of their assets, worth hundreds of millions of dollars.

Mr. Phillips, who as Ameritech's director of investment management oversees one of the bigger shares of TREET ($600 million), acknowledged his staff is slowly addressing the issue of its real estate assets and is spending more time on what to do about TREET.

"It's very unusual to have that much in something and no say or control," Mr. Phillips noted. Ameritech basically likes TREET, but "whether we'll continue to maintain $600 million in TREET is a very serious question."

The problem, as Mr. Holmes pointed out, is the "sons of Bell," as he called them, have just two options: the liquidation of TREET or finding willing buyers within the seven new holding companies and AT&T. U S WEST clearly has ruled itself out as a potential buyer, and the more pressure that fund and others exert to get out has to make the remainder wonder what they're acquiring by taking on more of TREET.

Mr. Biundo referred to U S WEST's reported sale of $200 million of TREET to AT&T, BellSouth Corp. and NYNEX Corp. last year and suggested he would have liked to sell it all.

By the rules, he could only sell half at one time and the rest not for at least 18 months. The aggressive U S WEST thought it was time to act first, but he added, "The rest of them will probably get their act together and get AT&T to accelerate the liquidation of property and make us look pretty dumb."

PacTel is widely expected to be the next one to move.

Mr. Holmes, director of investment management, said the fund will start with two or three advisory firms "and grow with them over time."

Members of the advisory trade have said three firms already have been selected on the staff level and are awaiting approval of PacTel's chief investment officer, a process expected to be completed by the end of May.

Mr. Holmes initially said PacTel would take on no commingled funds, because TREET is 22% in open-end pools and 13% in closed-end (the balance is in separate accounts).

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Aetna Realty Investors bought an interest in the Boston Ritz-Carlton.

Wrap-up

Ritz interest acquired

BOSTON — Aetna Realty Investors Inc.'s $1.5 billion open-end fund for 236 pension clients has acquired a partnership interest in the the Ritz-Carlton Hotel here.

Aetna's partner is W.B. Johnson Properties Inc., an Atlanta-based development and management company that bought the Ritz-Carlton in 1983 and that is in the process of an extensive rehabilitation.

The value of the equity investment is believed to be in excess of $30 million. It increases Aetna's Real Estate Separate Account's exposure in hotels from less than 5% to about 7% of the portfolio.

The restoration project on the 227-room hotel began in August 1984 and is expected to be done this October. It includes conversion of the heating, ventilating and air-conditioning systems, new carpets in the corridors and lobby and the refurbishment of each guest room and the cafe.

Aetna's RESA had a 2.2% first quarter return in 1985, on 2% cash and 0.9% appreciation. For the 12 months ended March 31, its return was 12% on 9% cash and 3% appreciation.

Since its 1978 start, it has returned 13.3% annually.

Nevada near move?

CARSON CITY, Nev. — The $1.4 billion Nevada Public Employees Retirement System could make its $140 million decision on real estate equity managers at its meeting this week. Four or five commingled funds are expected to be chosen

Continued on page 45

Aldrich sees trouble ahead

By Mark Westerbeck

NEW YORK — With lots of short-term debt again matched to long-term assets, the U.S. real estate market is going through changes that should prove troublesome for investors during the next few years, according to Peter Aldrich, principal of Aldrich, Eastman & Waltch, Boston.

Mr. Aldrich is more outwardly concerned with real estate capital market issues than most of his compatriots, and in discussing the burgeoning growth in formal commercial property mortgage-backed securities, he portrayed a battlefield where great debt and overbuilding will meet.

He made his comments at a seminar on real estate investing conducted last month by the Institute of Chartered Financial Analysts where several pension fund industry leaders examined the issues.

Mr. Aldrich ultimately led to an advertisement for what his real estate money management firm is known: hybrid debt structures, mortgages with equity kickers. But before reaching that point, his remarks were unsettling to anyone buoyed by the current constancy of the real estate market in the post-inflationary cycle.

"I do think the market is embarked on securitization and I think it is troubled," Mr. Aldrich said. "The real estate market is about to embark on trials and tribulations that are very similar to what happened in 1974."

That was when lenders of construction debt, largely savings and loan associations, formed real estate investment trusts to make these short-term loans on assets that inherently have longer-time horizons. When the recession hit, the cost of money became too dear, and the real estate market crashed.

Creating mortgage-backed securities is again an issue, but this time REITs are focused on equity real estate products that are essentially directed at the retail market and a new product generically known as commercial mortgage-backed securities. Wall Street's investment houses are bringing the new product to a market that seems more geared for institutional players.

Mr. Aldrich said the real estate market already holds $7.5 trillion in capitalization and has accumulated $2 trillion in debt — more than what is found in any other American market — and this still tends to be short-term debt sup-

Continued on page 46

There was one omission in the table ranking the largest 25 real estate managers by equity real estate assets on page 88 of the May 6 investment adviser issue.

The revised chart shown now includes The RREEF Funds, and omits several funds that had included foreign accounts in their totals. The ranking was meant to be by assets invested for U.S. pension and other tax-exempt funds.

In the revised chart, it is believed only Heitman Advisory Corp.'s amount still includes an undetermined amount of foreign pension fund money.

Also affecting the rankings was the spinning off of insurance company subsidiaries that did not count general account assets of the parent.

25 largest equity real estate managers of U.S. pension fund assets

Rank	Managers	($ millions)
1.	Prudential Asset Management	$5,873
2.	Equitable Real Estate Investment Mgmt.	3,700
3.	The RREEF Funds	2,721
4.	Corporate Property Investors	2,200
5.	Aetna Life and Casualty Co.	1,710
6.	Heitman Advisory Corp.	1,700
7.	LaSalle Advisors	1,450
8.	Aldrich Eastman & Waltch	1,300
9.	JMB Institutional Realty Corp.	1,300
10.	F.I.A. Associates	1,273
11.	Eastdil Realty	897
12.	The Boston Co.	892
13.	J.P. Morgan Investment Management Inc.	823
14.	CIGNA	801
15.	First Chicago Investment Advisors	731
16.	Coldwell Banker Capital Management	700
17.	John Hancock Companies	694
18.	Wachovia Bank & Trust Co.	570
19.	Metropolitan Life Insurance Co.	563
20.	Security Capital Real Estate Corp.	552
21.	The Travelers Companies	509
22.	Citicorp Investment Management	480
23.	The Karsten Companies	463
24.	TCW Realty Advisors	442
25.	Kennedy Associates Inc.	441
	Total	$32,765

Cash Management

Managers: Hutton case won't stop abuses

Spot judgment aids practice

By Richard J. Gillespie

CHICAGO — Banks still are exposed to fraudulent practices similar to that for which E.F. Hutton, the Wall Street brokerage firm, was fined $2 million earlier this month, a noted cash management consultant warned.

Larry Marks, president of Phoenix-Hecht Inc., a leading cash management consulting firm, said he had warned many banks in the past about the widespread practice of allowing corporations to draw down uncollected funds.

As a result of inefficiencies in the check clearing system, bankers often were, and still are, required to make a spot judgment on whether to allow a corporate client to take what in effect amounts to a free overdraft, said Mr. Marks.

Continued on page 55

By Fred Williams

DALLAS — Bank officers and cash management executives roundly condemned E.F. Hutton & Co. for an elaborate scheme that exploited weaknesses in the nation's banking system to produce millions of dollars in illegal profit.

But many agreed other companies are exploiting the system even today after the revelations about Hutton, and all said there is no way to stop corporations from doing it as long as America uses a paper-based check processing system.

Most of the bank officials who responded to questions seemed bitter about the disclosures, although not all were surprised at the news about the nation's fifth largest brokerage firm.

On May 2, the first day of the trial, E.F. Hutton & Co.'s lawyers pleaded guilty to 2,000 counts of mail and wire fraud, and agreed to pay more than $10 million in fines and restitution.

The firm had been charged by the Justice Department with what was described as a highly organized and complex check kiting scheme in which the firm systematically overdrew literally hundreds of its accounts scattered across the country between July 1, 1980, and Feb. 29, 1982.

Even while acknowledging other corporations even now might be engaging in similar illegal activities, bankers say they will not be able to stop them until float is eliminated, something most believe never will come to pass.

Many blamed Hutton's victimized banks for their laxness in regard to existing controls, although they said many banks clearly were intimidated by E.F. Hutton's name and feared that if they did not play along, they would lose a valued corporate relationship.

Even in the aftermath of the scandal, the E.F. Hutton name continues to intimidate some bankers.

While few would join The New York Times columnist William Safire in openly espousing a jail sentence for those individuals at Hutton responsible for the scheme, privately many believed Hutton got off too lightly with a $2 million fine and promises of restitution.

Most of all, the bank cash management officials interviewed were deeply disappointed in Hutton for its acknowledged manipulation of the banking system.

Most commented privately that E.F. Hutton's management should at least publicly reprimand the individuals directly responsible.

Some others believed the blame lies with the system. "You hear about E.F. Hutton and today you hear about what General Electric is doing (in defense billing practices) and others before that. The philosophy today is to do what you can and if you get caught you pay your fine and go on with your business," said one banker who wished to remain anonymous.

Jerry Boynton, vice president-manager of corporate cash management at Texas Commerce Bank in Houston, was one of those bankers who admitted disappointment at Hutton's behavior.

Explaining the banking system is built on faith and most banks rely on customers to "do the right thing," he said he felt a sense of outrage that senior personnel at Hutton knew what was going on, yet pushed it as far as they could in their zeal to make a buck.

"I certainly think the persons responsible should be publicly reprimanded," said Mr. Boynton.

While Hutton was conducting the practice to enhance its profitability, a troubled com-

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For 4th straight quarter

Corporate liquidity drops

By Richard J. Gillespie

NEW YORK — Liquid reserves of America's 100 industrial giants dropped for the fourth straight quarter, and finished 1984 at an aggregate level of $63 billion.

Liquidity of the 100 largest corporations is defined as cash and short-term investments, but includes certain other marketable securities listed under long-term assets.

Figures compiled by Wright Investors' Service of Bridgeport, Conn., showed liquid reserves reached a cyclical high of $74 billion at year-end 1983, and have waned since.

Overall, 22 corporations had more than $1 billion in cash and short-term investments at year-end 1984, of which seven had more than $2 billion.

General Motors Corp. had the most cash of all, $8.6 billion, but was down from the $10.2 billion it recorded at midyear. The automaker's absolute level of cash is still large enough to impress potential takeover candidates.

Ford Motor Co., with almost $6 billion, had an 89% gain from its year-end 1983 figure, while International Business Machines Corp., had $4.4 billion and Exxon Corp. followed with $4.1 billion.

Among the largest increases in liquidity, Occidental Petroleum Corp. reported $1.2 billion compared with $291 million at year-end 1983. Standard Oil Co. (Ohio) reported $337 million compared with $91 million the year previous, while R.J. Reynolds Industries Inc. reported $1.3 billion compared with $363 million.

The level of cash reported by individual corporations can fluctuate dramatically during the course of the business cycle.

But in aggregate, the figures documenting the level of corporate cash reserves show companies were liquidating the reserves built up in the early stages of the boom that began in the fall of 1982 and continued throughout 1983 and part of 1984, sources agreed.

The largest declines in corporate cash were registered by McDonnell Douglas Corp. whose reserves shrank to $34 million from $407 million; Consolidated Foods Corp. (now Sara Lee Corp.) down to $56 million from $304 million; and Deere & Co., which reported $40 million Jan. 31, compared with $195 million the previous year.

The latest numbers reveal the largest 10 industrial corporations experienced a 26% drop in cash-type holdings, while the smallest 10 industrials in the group actually show a 10% increase.

While the 50 corporations heading the list showed a 13% drop in

Continued on page 53

Largest changes in cash holdings*

(Quarter ended 12/31/84)

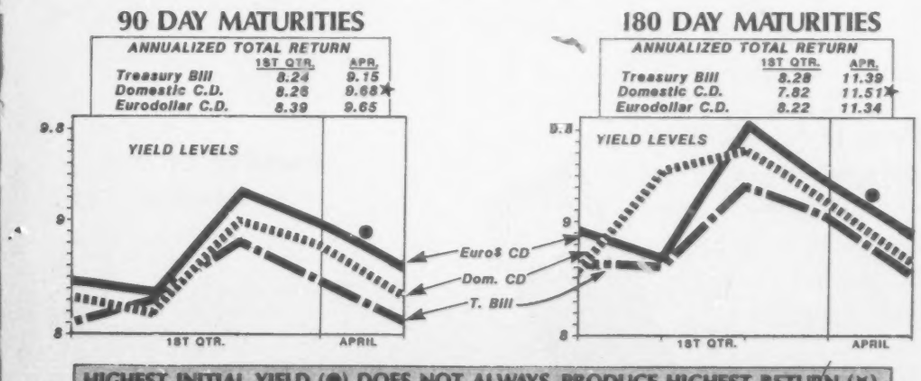
Company	Cash & short-term investments — ($ millions) — 1984	1983	% change '84 vs. '83
10 largest cash positions among the Fortune 100 corporations			
General Motors	$ 8,567	$ 6,217	37.80
Ford Motor	5,943	3,152	88.55
Int'l Business Machines	4,362	5,536	−21.21
Exxon Corp.	4,096	3,290	24.50
General Electric	2,373	2,505	−5.27
AT&T Technologies	2,140	5,312	−59.71
Mobil Corp.	2,035	1,553	31.04
Phillips Petroleum	1,894	906	109.05
Chrysler	1,700	1,069	59.03
Boeing	1,595	1,095	45.66
10 largest increases in cash and short-term investments			
Occidental Petroleum	$ 1,195	$ 291	310.65
Standard Oil (Ohio)	337	91	270.33
R.J. Reynolds Industries	1,323	363	264.46
Philip Morrris	94	30	213.33
Phillips Petroleum	1,894	906	109.05
Ford Motor	5,943	3,152	88.55
Armco	169	91	85.71
Digital Equipment	841	456	84.43
Allied Corp.	145	81	79.01
Procter & Gamble	1,415	800	76.88
10 largest decreases in cash and short-term investments			
McDonnell Douglas	$ 34	$ 407	−91.65
Consolidated Foods	56	304	−81.58
Deere & Co.*	40	195	−79.49
IC Industries	42	180	−76.67
TRW Inc.	81	245	−66.94
Gulf & Western*	61	170	−64.12
Anheuser-Busch	79	218	−63.76
Emerson Electric	102	275	−62.91
AT&T Technologies	2,140	5,312	−59.71
Tenneco	73	167	−56.29

*Top 100 industrial companies

* Quarter ended 1/31/85

Computed by the corporate and investment data bank maintained by Wright Investors' Service, Bridgeport, Conn.

PAYDEN & RYGEL INDEX OF SHORT MATURITY ASSETS



HIGHEST INITIAL YIELD (●) DOES NOT ALWAYS PRODUCE HIGHEST RETURN (★).

The Payden & Rygel index of short-maturity assets appears in every issue of *Pensions & Investment Age*. Intended to be a short-term investment benchmark, it charts total returns on a variety of short-term instruments, and shows the discrepancy between simple yields and total returns. Payden & Rygel, Los Angeles, specializes in short-to-intermediate-term investment management.

Corporate liquidity . . .

Continued from page 51

liquid reserves, the smallest 50 corporations liquid reserves dropped just 2.7%.

It is noteworthy that the aggregate level of liquidity at the largest corporations has been found not to ebb and flow with that at the smallest corporations through the business cycle.

For the 2½-year period in which the liquidity study has been undertaken by Wright Investors' and *Pensions & Investment Age*, the large corporations generally have expanded levels of liquidity earlier in the business cycle. The smallest tend to lag in this respect, generally increasing liquidity some months after the recovery is under way.

For example, figures for the third quarter of 1982, the period in which the past economic recovery began to take hold, showed that while the overall level of liquidity for all 100 corporations was down 0.7% compared with the year before, liquidity at the largest 10 corporations had improved 30%.

At the same time, the liquidity of the bottom 10 corporations listed continued to deteriorate, and fell 11% in the third quarter of 1982 compared with the year previous.

Similar figures taken at the end of 1982 showed liquidity at the top five corporations improved at a 15% rate for the year, but those of the bottom five were down 36%. Liquidity among all 100 corporations had improved by about 2% during the same timespan.

By the end of the first quarter of 1983, the smaller corporations were beginning to show signs of life. For the 12 months ended March 31, 1983, liquidity at the smallest 10 companies improved 18.6%, although their performance was upstaged by that of the big 10, whose liquidity grew 44.5% during the period.

The turnaround was first seen at year-end 1983, when the smallest 10 corporations on the list showed stronger growth in liquidity at 49% compared with 41% for the big 10.

Although there was a surge in the second quarter of 1984 in which both groups made large gains (figures for the first quarter were not made available), the most recent figures show liquidity at the big 10 took a sharp decline, down 26%, while the smallest 10 companies squeezed out a 2.6% increase.

While it was speculated by one cash management analyst that the reason for the disparity was that larger corporations find it easier to get low-cost credit and working capital, another industry commentator thought it more likely the reason had more to do with subcontracting. ■

Corporate cash management survey to be published Aug. 19

Which lockbox bank in Chicago provides the most timely balance reporting? Which disbursement bank in the Southwest lives up to its promises? Which concentration bank has the most courteous personnel?

All these questions and many more will be answered Aug. 19 with the publication of the fourth annual corporate cash management survey, in which corporate cash managers with America's largest corporations get to rate their banks.

This year, through an arrangement with 32 regional cash management associations, *Pensions & Investment Age* will be asking the members to discriminate among the banks that provide their banking services.

Distributing the survey through the regional associations will help the surveyors reach a larger sample of respondents, providing more reliable data.

If you are a member of one of these associations, we urge you to spend a few minutes filling out and returning the questionnaire. By so doing, you will be sending a strong and clear signal to your banks that you like or do not like what they are doing.

If you are not a member of a regional cash management association and would like to join one, contact Richard Gillespie at *P&I Age*'s New York office, who will put you in touch with the group nearest you. Contact Mr. Gillespie at (212) 210-0120.

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Although timberland investments are gaining among pension funds, the area is considered hard to sell.

Timber taking root with pension funds

By Barry B. Burr

Investments in timber have gained more new commitments from pension funds, including American Hoechst Corp., Dayton Hudson Corp., Avon Products Inc., New Hampshire state and Detroit Police and Fire.

But the investment, regarded as an equity real estate option, by and large still is a hard sell, according to seven timber managers marketing to pension funds.

• After nine months of marketing, John Hancock Mutual Life Insurance Co., Boston, closed its closed-end pooled timber fund, ForesTree One, attracting $16 million and falling short of its $20 million to $50 million goal.

The money came from five clients, including its own pension fund, said John Lord, senior agricultural investment officer.

One pension client, R.R. Donnelley & Sons Co., Chicago, chose timber as a way to get out of a group annuity contract with Hancock, said a Donnelley official.

• After 10 months of marketing, Equitable Life Assurance Society of the United States, New York, has commitments totaling $32.5 million from four clients, including $10 million from Equitable. (The insurer wouldn't say whether its commitment came from its general account or its own pension fund.)

The total so far also is short of the $50 million the pool wants before starting to buy timberland and of its $100 million final goal, according to Eric Oddleifson, president, EAI Resource Investments Inc., Boston. EAI, a unit of Evaluation Associates Inc., Westport, Conn., manages Equitable's closed-end timber fund.

• TimberBank Management Corp., a limited partnership set up last year by Simms Capital Partners, New York, so far has one commitment to its envisioned $150 million fund, said Robert A. Simms, SCP chairman.

The New Hampshire State Retirement System committed $5

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Late news

Texas cuts funding

AUSTIN, Texas — Gov. Mark White signed a bill to cut the funding rate for the state's two largest public pension plans during the next two years in an effort to save the state millions of dollars while leaving the funds actuarially sound.

One state official said funding cuts in the $10 billion Teacher Retirement System of Texas and the $2.5 billion Employees Retirement System of Texas will save the state more than $110 million in 1986 and 1987.

Under the law, part of an overall effort to tighten state spending, funding for the teachers is cut to 8% of payroll from the 8.5% that would

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Walton decision detailed

Door ajar for union job tie

By Joel Chernoff

FORT LAUDERDALE, Fla. — A federal court judge has given a powerful boost to Taft-Hartley pension fund trustees seeking to create union jobs through real estate investments.

The long-awaited decision in Donovan vs. Walton found the trustees of the Operating Engineers Local 675 pension fund did not violate the prudence and prohibited transaction provisions of the Employee Retirement Income Security Act in financing, building and then leasing a new headquarters for the fund and the union.

In his 52-page decision, Judge Jose A. Gonzalez Jr. of the U.S. District Court for Southern Florida found the Department of Labor had not met the burdens of proof in its 1981 lawsuit against the fund trustees.

"The Department's charges are indeed serious, but its bark is worse than its bite," the judge wrote.

Not only did the decision hold that such investments are legal if done prudently, but the judge implied it is acceptable to pay higher wages for union labor, even if it boosts the pension fund's overall costs.

However, the opinion barely touched on the fund's $2 million residential mortgage program, which provided 11% home loans to plan participants when interest rates were at record levels.

Judge Gonzalez previously had dismissed Labor Department charges that the mortgage program and the construction of the office building violated ERISA, but without providing a rationale (*Pensions & Investment Age*, March 18).

In addition, the judge had refused to consider charges that the fund improperly reimbursed the union for services provided by Dennis Walton, the union's business manager and a fund trustee.

Prior to the decision's unveiling, Mr. Walton had said that if the Labor Department challenges the fund's real estate diversification, the trustees might seek a judicial interpretation on how much pension funds legally can invest in real estate.

While the $40 million fund now has about 10% of its assets in real estate, it has had as much as 65% invested in that category.

The decision is expected to send a strong signal to trustees of jointly managed pension funds across the country.

Those funds, known also as Taft-Hartley funds, have an estimated $80 billion to $100 billion in assets but only 4% to 5% of their

Continued on page 61

Continental shift spurs departures

By Rose Darby

STAMFORD, Conn. — The Continental Group's roughly $1.1 billion pension fund is being restructured, and as a result of the selection of a fixed-income approach matching liabilities, three of the fund's four pension administrators and two support staff employees are leaving.

Those leaving include William R. Good, vice president-pension asset management; Roy Hermansen, director; and T. Kirkham Barneby, director.

Christine Williams, manager-pension investment administration, will stay on at Continental to head up administration of the fund.

She had been monitoring the fund's estimated 15 external managers prior to the restructuring, in which at least five of the advisers have been terminated.

"We have moved from a diversified portfolio, to a fixed-income one," according to Mr. Good.

"We want to use a low-risk approach so that, in general, liabilities are being matched with income."

Roughly $750 million of Continental's pension fund assets will be affected by the changes, said one fund official.

Thus far, Bankers Trust Co. and Trust Co. of the West will continue to manage fixed-income portfolios for Continental, he said.

Mr. Good would not comment on whether either of those managers would take on the added duties of administering an immunized or dedicated portfolio

Continued on page 65

Options smooth way for Gates dedication

By Barry B. Burr

DENVER — Gates Corp. is using options on financial futures to lock up a floor return for a $110 million dedicated bond portfolio, while it gets together all the cash to buy the bonds.

Gates won't have the cash to complete the dedication until 1986.

Meantime, Ward & Wissner Capital Management Inc., New York, has been buying call options on Treasury bond futures, locking up a higher interest rate to hedge against falling bond yields and rising bond prices.

Gates holds about $115 million worth of options on T-bond futures, enabling it to lock in a yield for the dedication in excess of 12¼% to 12½%, said Clayton M. Hill, director-corporate insurance and employee benefits.

The $200 million pension fund's use of options on futures isn't its only use of financial futures.

In equities, unrelated to the fixed-income strategy, another manager, Leland O'Brien Rubinstein Associates Inc., Los Angeles, is using stock-index futures to hedge against losses in Gates' entire $100 million equity portfolio.

The strategy skews Gates' position into and out of the stock market by using stock-index futures without interfering with the individual decisions of Gates' four outside equity managers.

The dedication, the first for Gates, will change its asset allocation slightly. It won't result in any firings or hirings of its equity or fixed-income managers, although money to finance the bond purchases will come from some of their accounts, Mr. Hill said.

Gates' traditional target allocation of 70% equities and 30% fixed-income, including real estate, will change to roughly 50% equities, 50% fixed income.

The dedication is being set up as part of the company's plan to switch eventually to a defined contribution plan for Gates' 6,500 non-bargaining employees, the bulk of its work force. Its 2,500 collective bargaining employees will remain in the defined benefit plan.

"We as a company became convinced quite some time ago that a defined benefit plan wasn't in the best interest of the company and the employees," Mr. Hill said.

He said Gates hasn't unbundled the pension fund to look at how much in assets would be left in the plan for bargaining employees. Those employees also might someday prefer to switch to the defined contribution plan, he said, although there are no plans for that now.

After engaging Johnson & Higgins, New York, for a pension costs study, Mr. Hill said Gates decided to set up a 401(k) tax-sheltered savings plan as the vehicle to ultimately replace the defined benefit plan.

Continued on page 65

In Nabisco takeover

Fund merger seen as likely

By Alan Krauss

WINSTON-SALEM, N.C. — R.J. Reynolds Industries Inc. is likely to absorb the $510 million Nabisco Brands Inc. pension fund into its own $1.7 billion fund when the merger of the two companies is completed, if past practice is any guide.

However, any action to merge the two funds is unlikely to take place for some time.

While Gene A. Hoots, the executive in charge of managing Reynolds' savings and pension assets, said it is too soon to tell whether the plans will be combined, Reynolds did merge its pension assets with those of two earlier acquisitions, Del Monte Corp. in 1979 and Heublein Inc. in 1982.

But, Mr. Hoots said, "we cannot in any way conclude that (the pension fund) combination will be handled in the same way. This is a whole new ball game."

The decision facing Reynolds executives, Mr. Hoots said, is whether the pension plans will be run separately or be combined.

"Those are the two alternatives, but it's a significant decision that will require a lot of study," he said.

Reynolds ran the Del Monte and Heublein pension assets independently from its own for about 18 months after each acquisition, Mr. Hoots said.

"At that time, in each case, we moved the assets from the master trustee where they resided to our master trustee, retaining all managers who were managing the money at each company," he said.

About a year after acquiring Heublein, Reynolds undertook an overall re-evaluation of all its managers, both inherited and those that had been managing Reynolds assets all along.

"We did terminate some managers at that point simply because we felt that we had too many outside money managers," Mr. Hoots said. "Those chosen were not terminated because of (unsatisfactory) performance but because of the small amount of our assets they had under management."

A spokesman said if the Reynolds-Nabisco merger goes according to schedule, it will be completed by August or September.

Another indication that Reynolds is likely to continue its active participation in pension asset management was the creation earlier this year of an in-house subsidiary RJR Investment Management Inc., of which Mr. Hoots is president.

Reynolds subsequently took in-house a $250 million dedicated bond portfolio that had been managed by Morgan Guaranty Trust Co., Mr. Hoots said. The portfolio remains passively managed.

While stressing RJR Investment Management is a pilot project with no current plans to increase its activities and no targeted asset amount, Mr. Hoots said the subsidiary is also managing a "small" equity portfolio. He declined to specify the portfolio's exact size or the style in which it is being run.

According to its 1983 annual report, the most recent one available, the Reynolds plans are overfunded by $265 million, with total accumulated plan benefits of $914 million and $1,179 million in net assets available for benefits.

But Mr. Hoots said that since

Continued on page 66

BankAmerica redesigns employee benefit plans

By Trudy Ring

SAN FRANCISCO — BankAmerica Corp. has amended its retirement plans in a manner that officials expect to improve employee satisfaction and allow the company to control future costs.

Using a formula developed with the consulting firm Kwasha Lipton of Fort Lee, N.J., BankAmerica redesigned its basic defined benefit plan and improved its 401(k) plan.

It reduces employees' accruals by funding pensions under the defined benefit plan on the basis of current pay rather than final-average pay, but makes the 401(k) plan more attractive and open to more employees.

BankAmerica was the first firm to adopt Kwasha Lipton's formula, but others have followed. Keuffel & Esser, Parsippany, N.J., and Consolidated Laundries Inc., Secaucus, N.J., have put the strategy into effect, and another company is about to do so, Kwasha Lipton officials said.

Kwasha Lipton is talking with other employers "literally all the time," officials said.

One thing that spurred the changes at BankAmerica was a survey that indicated only about 30% of the employees were satisfied with the pension plan. Some said they couldn't understand the plan well enough to rate it, said Dan Rowland, vice president and director-U.S. compensation and benefits.

From the employer's point of view, it was difficult to project liabilities under the traditional defined benefit plan with benefits based on a final-average-pay formula. "It's a best guess," Mr. Rowland said.

With Kwasha Lipton, BankAmerica came up with a formula that pension officials found attractive. The amendments to the defined benefit plan will go into effect July 1, while the changes in the savings plan will be effective Oct. 1.

Under the old defined benefit plan, the benefit formula has been final-five-year average pay times 2% for the first 25 years of service, then times ½% for additional years.

However, this design had become increasingly burdensome, BankAmerica officials said. Because of

Continued on page 64

D.C. hires 4 in restructuring

By Marci Baker

WASHINGTON — The District of Columbia Retirement Board has hired four managers as part of its restructuring of the $625 million in pension assets it oversees.

Loomis, Sayles & Co., in Washington, Lazard Freres Asset Management, New York, and Trinity Investment Management Corp., Boston, have been selected as equity managers and will run $20 million apiece, said Earl Johnson, executive director. Their accounts will be funded from cash flow.

In addition, he said, the National Bank of Washington has been tapped to manage a short-term investment account. The D.C. fund, which includes retirement assets for judges, firefighters and police officers, is looking to allocate 10% of its assets to short-term instruments.

The three active stock managers were hired to fill what Mr. Johnson termed "defensive" equity assignments.

According to *Pensions & Investment Age*'s annual investment adviser profiles (*P&I Age*, May 6), Loomis offers a sector rotational approach to equity investing and looks for exceptional, unexpected surges in earnings. Lazard, through proprietary research, looks to identify and validate stocks with high returns on equity and assets and lower price/book value. Trinity invests in stocks based on low price/earnings ratios, sector rotation and Graham & Dodd.

The new managers' styles are expected to complement those existing managers running aggressive equity accounts. They are Loomis, Sayles, Boston; Alliance Capital Management, New York; and Potomac Asset Management, Washington.

Although the newly selected equity managers, like the system's other active managers, will run their accounts according to their regular investment styles, one caveat is they cannot include in their portfolios companies that do business with South Africa.

Mayor Marion Barry prohibited investment in such companies a year ago after a protracted debate on the legality of a similar measure passed in 1983 by the D.C. City Council.

Mr. Johnson does not anticipate the ban will weigh heavily on the investment processes of the fund's defensive managers.

"Our investment consultant, Callan Associates, reported to the board that the managers do not expect to encounter any major problems with (the South Africa rule)," he said.

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Late news

Continued from page 1

have been in effect, and for the employees, to 7.4% from 8%.

Hansen independent

CHICAGO — A.S. Hansen Inc., the actuarial and employee benefits consulting firm, has decided to remain independent after talking with 16 of its competitors about various merger possibilities.

One of the competitors approached was Hay, Huggins, a Philadelphia-based actuarial firm owned by the British advertising firm, Saatchi & Saatchi Co. PLC.

A Hansen spokesman confirmed an inquiry came up about two weeks ago, but was rejected by the board.

N. Ireland resolution

NEW YORK — The $8.5 billion New York City Teachers Retirement System has passed a resolution that instructs companies with operations in Northern Ireland whose stocks it holds to sign the MacBride Principles for fair employment practices, according to Wallace Sullivan, executive director.

Last month, the fund implemented a resolution aimed at fighting apartheid in South Africa (*Pensions & Investment Age*, May 13). However, the Northern Ireland resolution does not carry any divestment threat. Instead, it calls for initiating and supporting appropriate shareholder resolutions.

Divestment rejected

FAIRFAX, Va. — The Fairfax County Board of Supervisors has voted down a proposal to withdraw pension fund investments in companies doing business in South Africa. Board members approved an alternative resolution asserting their opposition to apartheid but leaving investments in place.

Securities issues up

NEW YORK — Corporations issued $11.4 billion in new securities in May, up 2.5% from the $11.1 billion reported in April. That volume, however, represented a 152% jump from the $4.4 billion in public offerings reported in May 1984, according IDD Information Services.

Straight debt and convertible preferred offerings accounted for the modest rise from April. All other securities categories saw declines.

Late money movers

• CARSON CITY, Nev. — The Nevada Public Employees Retirement System has allocated $28 million to three commingled real estate funds in the first stage of an expected $140 million move into equity real estate, said Laura Wallace, the $1.4 billion fund's real estate investment analyst.

The Nevada fund allocated $10 million to Prudential Asset Management Co.'s open-end PRISA fund, $9 million to Heitman Advisory Corp.'s closed-end Real Estate Fund II and $9 million to TCW Realty Advisors' Real Estate Fund III, Ms. Wallace said.

• PHOENIX — The $3 billion Arizona State Retirement System chose Duff & Phelps Investment Management Co., Chicago, to manage a $378 million portfolio of zero-coupon bonds, previously run in-house, said Max Sullivan, fund director. Contract terms have not yet been completed.

• DALLAS — National Gypsum Corp. has hired RepublicBank Dallas as trustee and record-keeper for its recently established 401(k) salary reduction plan.

• NEW YORK — The $2.3 million Federation of Protestant Welfare Agencies pension fund hired Carret & Co. to invest all of its pension assets in a balanced account with a strong leaning toward equities, said Dennis Castro, assistant vice president. Carret replaces J.P Morgan Investment Management Inc.

• PENNSAUKEN, Pa. — Hordis Brothers Inc., a privately held processor of flat glass products, has hired Connecticut General Life Insurance Co., Hartford, Conn., to manage a 401(k) plan for salaried employees, implemented earlier this year, according to William Southwick, Hordis vice president for administration.

• SEATTLE — The $280 million Seattle City Employees Retirement System selected Duff & Phelps Investment Management Co., Chicago, to run a $100 million corporate bond portfolio, previously run in-house, said Roger A. Howeiler, the fund's executive director. Contract terms are incomplete.

Crum & Forster to terminate plan

MORRISTOWN, N.J. — Crum & Forster Inc. has filed a notice with the Pension Benefit Guaranty Corp. it intends to terminate its $181.8 million defined benefit plan, replacing it with a new defined benefit plan, and hopes to recapture more than $50 million in surplus assets, according to company officials.

Its action is a continuation of a trend among large property and casualty insurance companies terminating their pension plans in hopes of gaining access to capital needed to continue writing policies.

The company, a wholly owned subsidiary of Xerox Corp., is a major property and casualty underwriter with assets of more than $6 billion.

The property and casualty insurance industry has been hit hard during the past two years by increasing underwriting losses and declining revenue.

Frank Caraicato, vice president of administrative planning, said the termination is part of a comprehensive revamping of the company's employee benefits package, including the addition of a flexible credit account and a 401(k) feature to the company's thrift plan, multiple choices on its medical plan as well as the establishment of a new defined benefit plan for active employees.

"We are revising our retirement and benefits program to give employees a greater degree of choices," Mr. Caraicato said. "The changes could have been made by amending the terms and conditions of the old plan. We didn't have to terminate the plan, but we decided to do it by termination because there were excess assets in the plan and termination was necessary in order to obtain those excess assets."

"We are looking to recover in excess of $50 million and our thinking is that it will be added to statutory surplus ... the insurance company version of equity," said George Rachmiel, senior vice president and treasurer.

The addition of the surplus assets to statutory surplus, or policyholder surplus, has been the standard practice in most previous terminations by property and casualty insurers.

In recent months Wausau Insurance Co., Chubb Corp., The Home Insurance Co., Fireman's Fund Insurance Co., American Mutual Liability Insurance Co. and Commercial Union Insurance Co. all have filed termination notices with the PBGC.

Industry performance has suffered in the past several quarters because of company practices of charging lower rates at a time when claim costs have been increasing and investment income has not been sufficient to offset the lower rates.

Property and casualty companies have started increasing rates but many need to increase policyholder surplus in order to continue writing new business. Premium writings are limited by a multiple of the surplus on hand.

"Basically, the property casualty business has had some pressure on surplus in recent years," said Mr. Rachmiel. "By putting in (the reversion) into statutory surplus we are better able to take advantage of the higher prices in the market today."

In a prepared statement regarding the termination Crum & Forster officials said: "Having decided to implement the full new benefits package, Crum & Forster made a subsequent decision that it would do so by way of a termination of the old retirement plan to obtain the additional benefits of the recapture of excess assets."

Mr. Caraicato said the firm intends to solicit bids for annuities and is involved in discussions with potential bidders now.

The Crum & Forster plan has total assets of approximately $181.8 million, all of which is handled internally, and the company expects to recover $52.8 million in surplus assets, before expenses, said Mr. Rachmiel.

Mr. Cariacato said the company will receive more than $50 million after the legal and administrative expenses of the termination and purchasing of annuities.

The plan has approximately 9,100 total participants. The Bank of New York Trust Co. is the custodian.

Crum & Forster had net income of $10.1 million during the first quarter of 1985 compared with $24.7 million during the first quarter of 1984.

One insurance industry analyst said Crum & Forster is among those major property and casualty insurers in need of a major cash infusion.

"They certainly can make use of (the reversion) because it will allow them to continue to write new business," he said.

"They have had extremely bad underwriting results in 1984 and during the first quarter of 1985," he said, "But they are starting to recover now with rate increases of over 50% on their primary business lines." ■

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Corrections

• ***First Pennsylvania Bank*** *was ranked incorrectly in the table of leading U.S. master trust banks in the May 27 issue.*

Its total of master trust and master custodial assets should have read $18.5 billion, placing the bank in 12th place.

The correct totals and ranking appear below (all amounts are $ millions):

1. Chase Manhattan	$101,000
2. State Street Bank	71,065
3. Bankers Trust	68,400
4. Northern Trust	62,994
5. Citibank	45,330
6. Mellon	40,825
7. Irving Trust	35,000
8. Boston Safe	26,750
9. Bank of New York	24,300
10. Harris Trust	23,200
11. Mfrs. Hanover	19,700
12. First Pennsylvania	18,500
13. National of Detroit	17,690
14. RepublicBank Dallas	17,500
15. U.S. Trust	14,300
16. Wachovia Bank	13,527
17. Continental Illinois	13,200
18. Bank of America	12,100
19. Mfrs. National	11,300
20. Norwest Bank	8,400
21. Wilmington Trust	7,300
22. Mercantile Safe	6,900
23. AmeriTrust	4,580
24. Citizens & Southern	4,550
25. Texas Commerce	4,300
26. First Trust Co.	2,700
27. First Wisconsin	2,346
28. Marine Midland	2,105
29. M&I Bank	1,850
30. Centerre Trust	1,850
Total	**683,562**

• The profile of **Bank of New York** in the May 27 master trust directory incorrectly stated the amount of the bank's largest master trust client. The correct amount is $7 billion.

Contributory plans gain in popularity

WASHINGTON — Smaller employers increasingly are turning to defined contribution plans as their primary retirement vehicle.

The larger employer generally is sticking with the defined benefit plan, adding defined contribution plans as supplemental vehicles, said Dallas Salisbury, president of the Employee Benefit Research Institute, a non-profit research group on employee benefits.

But the smaller employer — with 25 to 300 employees — is likely looking at only one plan, and that plan is a defined contribution plan, he said. That trend is enhanced by highly popular 401(k) salary reduction plans, he noted.

Legislative action that would toughen standards for retirement plans simply will accelerate those trends, Mr. Salisbury added. Proposed changes in the minimum vesting, integration and portability rules are being considered by Congress.

According to statistics compiled by EBRI, the growth rate of defined contribution plans is outstripping that of defined benefit plans.

The number of defined contribution plans has more than doubled in the 10 years ended 1984, rising to 554,000 from 283,000, while the number of defined benefit plans grew by 87% in that period, totalling some 240,000 by the end of 1984.

During the 10-year period, defined contribution plans have grown at an average clip of 7.4% a year, compared with 6.5% for defined benefit plans, EBRI noted.

The average size of participants covered by new plans, however, varies enormously by the type of plan, according to EBRI tabulations of Internal Revenue Service data.

In the period 1976 through 1983, the average defined contribution plan covered 34 participants. However, under that general term, stock bonus plans had an average size of 1,201 participants; employee stock ownership plans, 2,085; profit-sharing plans, 23; and money purchase plans, 12.

Defined benefit plans had an average of 76 participants.

Examining the past two years alone, IRS determination letter data show the number of new defined contribution plans shrank by nearly 50%, declining to 28,279 plans formed in 1984 from 42,089 plans created in 1983.

However, the number of participants covered by 1984 plans grew 225% from 1983, with 4.35 million employees covered in plans formed last year, compared with 1.93 million the year before.

On the defined benefit side, only 12,807 plans covering 1.34 million employees were created last year, compared with 22,150 covering 1.95 million employees the year before.

In terms of assets, defined contribution plans are assuming far more dramatic importance.

According to an unpublished study by Richard Ippolito, director of the Department of Labor's office of policy and research in the pension program, assets held in defined contribution plans were only 11.6% of total pension assets. They rose to 23.4% by 1970 and 27.8% in 1980.

According to his projections, defined contribution plan assets will reach 34.9% of total pension assets by 2000.

In dollar terms, private-sector defined contribution plans are expected to have assets of $779 billion by 2000 (measured in 1984 dollars), compared with $221 billion in 1981.

In comparison, private defined benefit plan assets are expected to increase to $1,453 billion, up from $574 billion, Mr. Ippolito estimated. ■

Trends in net pension plan creation and growth, 1974 to 1984

	Total pension plans		Defined benefit plans			Defined contribution plans		
Year	Total number (thousands)	Growth rate (percent)	Total number (thousands)	Growth rate (percent)	As percent of total pension plans	Total number (thousands)	Growth rate (percent)	As percent of total pension plans
1974	400	*	128	*	32	272	*	68
1975	422	5.5	132	2.6	31	290	6.9	69
1976	432	2.4	130	−1.1	30	302	3.9	70
1977	451	4.5	132	1.2	29	320	6.0	71
1978	496	9.8	139	5.7	28	357	11.5	72
1979	539	8.7	158	13.1	29	381	6.9	71
1980	590	9.5	179	13.8	30	410	7.7	70
1981	658	11.5	199	10.7	30	459	11.9	70
1982	728	10.7	222	11.7	30	506	10.2	70
1983	774	6.3	237	6.7	31	537	6.1	69
1984	795	2.7	240	1.5	30	554	3.2	70

Source: U.S. Department of Labor, memo tabulating data from IRS 5500 and 5500c forms; U.S. Internal Revenue Service, news releases of determination letter statistics.

Note: "Total Number" of plans for 1977-80 are U.S. Department of Labor tabulations of data contained in IRS 5500 and 5500c forms. Since all plans must submit one of these forms annually, these numbers represent a count of all plans in existence. For 1974-76 and 1981-84, these data are not available. Numbers for those years were estimated by EBRI using IRS determination letter statistics. Details may not add to totals due to rounding.
*Data unavailable.

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Pensions & Investment Age

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Pension surplus key to United's financing

By Chuck Paustian

CHICAGO — The termination of United Air Lines Inc.'s pension plans was essential to finance the airline's aggressive corporate expansion, to help thwart a possible takeover and to boost its stock price, analysts and company spokesmen say.

United's financial executives figured recapturing an estimated $962 million in surplus pension assets through a spinoff/termination would have helped bolster the company's stock price had the recently settled pilots' strike dragged on and caused the stock to drop, said Timothy Pettee, senior analyst at L.F. Rothschild, Unterberg, Towbin, New York.

The United reversion is the largest in pension history.

In addition, analysts expect UAL Inc., its parent, to generate $1 billion to as much as $5 billion from its sale of some of its Westin Hotels properties. Mr. Pettee, who thinks the deal would generate closer to $1 billion, said the Westin sale was put together hurriedly as a secondary way to boost United's share price in case of a prolonged pilots' strike.

"In order of importance, I'd say the pension move is the move that deters a potential takeover the most," said Mr. Pettee.

Rob Doughty, United spokesman, said the termination was not related to the pilots' strike, adding the sole reason was to avoid any possible takeover attempts.

"This action was taken as opposed to the other option, started by UAL in 1984, which was to decrease the company contributions in order to, over the years, decrease the overfunded status of the plans," he said.

"However, takeover rumors have forced UAL to need to do this more quickly."

Besides being the largest such reversion, United's termination would force the company to make the biggest one-time purchase of insurance annuities, possibly $1.6 billion.

Because of the huge amount, industry officials believe few insurance companies would have the capacity to bid for the annuities, required in a termination to ensure the accrued benefits of all United's 59,600 retirees and active and inactive employees.

Still, industry executives are somewhat sanguine United could attain a competitive price for the annuities' purchase, possibly by splitting the annuities among several insurers or using a participating annuity, which enables more insurers to bid.

"It will be with one of the major insurance companies," said United's Mr. Doughty.

"We are also looking at the option of splitting the amount among several companies."

Some of the firms under consideration are, he said, Prudential Insurance Co. of America, Newark, N.J., and Metropolitan Life Insurance Co. and Equitable Life Assurance Society of the United States, both in New York.

Anthony Amodeo, an actuary at Metropolitan, said only a few insurers could handle such a sizable annuity bid.

"There's maybe four large mutuals and several large stock companies," he said, "maybe about six to eight companies altogether. But that's just a guess."

However, he didn't feel United would pay a higher price for the annuities because of a limited number of companies bidding.

"If Metropolitan knows there is serious competition, we'll make a serious bid, he said."

He also said he does not believe UAL would receive a better price by segmenting the bid to several insurance companies.

Murray Becker, actuary and vice president with the consulting firm of Johnson & Higgins, New York, said the use of participating annuities might be beneficial to UAL.

"Any time you're dealing with a number of this magnitude, you're dealing with a limited number of insurance companies, especially if they are required to maintain a certain reserve level by some state laws," said Mr. Becker.

"Even a conventional annuity of that size should be fragmented, but only if that gets a more favorable rate."

Harold J. Brownlee, vice president of actuarial services at Prudential, said participating annuities would not add many companies to the list of competitors. "It wouldn't really increase the competition because of the size (of the annuities). There aren't that many companies that are active in this business, anyway."

As to segmenting, he said, "It would depend on how you split it. If you gave different groups of individuals to each company, it wouldn't really run up the costs that much."

Continued on page 60

Fear of congressional action after huge United termination may prompt others to follow suit. Story on page 3.

Dallas, 3 states, Smithsonian

Divestment tide gains

By Trudy Ring

Another major city, three more states and the Smithsonian Institution have joined in the movement to divest pension funds and endowments of South Africa-related stocks, but they call for varying degrees of divestiture.

The Dallas City Council passed a non-binding resolution recommending divestiture by the city's pension fund, while the Iowa Legislature passed a bill tying investments to the Sullivan Principles of non-discrimination.

The Smithsonian Institution, facing intense pressure from Congress, has divested its $146.8 million endowment fund of stock in 16 U.S. companies that do business in South Africa but are not signatories of the Sullivan Principles.

Meanwhile, in Michigan, a bill introduced by a group of state legislators also calls for divestiture of all South Africa-related stocks.

In California, a bill before the state Assembly would prohibit state pension fund investments in companies operating in South Africa unless the companies adopt policies not to make new business arrangements there. A vote is expected in the next few months.

After more than two years of heated debate and several modifications and amendments, the Dallas City Council voted to recommend the $444 million Dallas Employees' Retirement Fund avoid purchasing securities of companies that do business with South Africa.

The resolution stopped short of ordering divestiture. Some City Hall observers now believe that issue could surface in the future.

The Dallas resolution was approved by a 6-5 vote after nearly three hours of debate. It was the third time in two years the South Africa investment question has come to a council vote. Twice before, the council rejected proposals requiring divestiture (*Pensions & Investment Age*, Oct. 1).

The resolution approved by the council is non-binding and carefully worded to adhere to city attorney claims that the employees' fund is prohibited by state law from divesting and must invest solely on behalf of participants without considering social implications (*P&I Age*, Feb. 18).

The fund's board of trustees passed its own resolution addressing the South Africa question one day before the council's vote, claiming it would "continue to invest trusteed retirement funds for the exclusive purpose of the beneficiaries of the funds . . . and not for the purposes of advocating any social or political objectives."

Ray Fleming, administrator of the fund, said no changes are

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INTERNATIONAL DIRECTORY

Pensions & Investment Age's *annual directory of international investment advisers begins on page 13. This year, 83 money managers reported total U.S. tax-exempt assets under management of $15.9 billion. Roughly $13.2 billion was invested in international (non-North American stocks) accounts and $2.7 billion was invested in global accounts, which are allowed to use U.S. securities.*

Late news

Royal Dutch shifts

NEW YORK — The $1.9 billion Royal Dutch Shell pension fund, one of the largest foreign investors in the U.S. non-residential real estate market, has shifted its $500 million real estate portfolio from Landauer Advisors Inc. to Richard Ellis Inc., industry sources said.

The sources said the switch follows by several months a move to Ellis by William Stuebe, who managed the Royal Dutch Shell account at Landauer.

Officials at Landauer and Ellis would neither confirm nor deny the report, and officers of Argus Realty, Royal Dutch Shell's U.S. realty subsidiary, were unavailable for comment.

The loss of the Royal Dutch Shell account, which invests in office buildings and regional shopping centers, would be a significant blow to Landauer, which reported $804 million in assets under management from 10 tax-exempt clients in *Pensions & Investment Age*'s May 6 money manager profiles issue.

The portfolio would boost tax-exempt assets under management by Ellis for foreign and domestic clients to nearly $1.5 billion. In the May 6 issue, Ellis reported $974

Continued on page 2

2 dropped, 3 hired in Clorox shift

By Alan Krauss

OAKLAND, Calif. — Clorox Co., implementing a new investment strategy for its $75 million pension and profit-sharing plans, plans to drop two money managers and hire three, said Nancy Roche, the company's assistant treasurer.

She said the manager changes will be effective at the start of the company's fiscal year July 1.

Ms. Roche said the fund's two balanced managers, Harris, Bretall, McEldowney & Sullivan Inc. and Kingsley, Jennison, McNulty & Morse Inc., both of San Francisco, will be dropped.

Clorox has allocated approximately $15 million each to: Northern Capital Management Inc., Madison, Wis., asset allocation style; Pacific Financial Research, Beverly Hills, Calif., value-oriented equity; and Roanoke Asset Management, New York, growth equity, Ms. Roche said.

Clorox was assisted in its manager search by Hewitt Associates, Lincolnshire, Ill., according to Ms. Roche.

The decision to alter investment strategy for the company's two benefit plans, a $50 million defined benefit plan and a $25 million defined contribution plan, was made as a result of a plan liability study done about a year ago in association with Howard Winklevoss, senior vice president of Johnson & Higgins, Ms. Roche said.

The study resulted in raising the fund's interest rate assumption and revising its cost method as well as its asset valuation, Ms. Roche said.

She wouldn't specify the new interest rate assumption, saying only

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PIPER monthly indexes

	Latest mo.	Year to-date	Trailing 12 mo.
S&P 500	5.7	15.4	31.8
OTC Inds.	3.4	15.9	15.4
Ryan Index*	6.2	10.9	33.4

Source: Rogers, Casey and Barksdale Inc.
*Fixed income.

With this issue, *Pensions & Investment Age* launches a new service to its readers — the PIPER monthly indexes.

These indexes track the changes in the Standard & Poor's 500 stock index, the OTC Industrial stock index and the Ryan Index of fixed-income securities.

This feature will appear monthly to assist financial executives in keeping track of movements in the stock and bond markets.

Small-screen investment a big hit

3 funds see gains from TV sale

By Steve Hemmerick

The Oregon public and the Michigan state employees' retirement systems and the Washington State Investment Board expect high returns from a leveraged buy-out investment in a Los Angeles independent television station.

Oregon might get nearly $20 million on its $5 million investment made about two years ago. All three funds made the investment in Los Angeles television station KTLA through their partnership in a $300 million leveraged buy-out pool run by Kohlberg Kravis Roberts & Co., New York, which now operates several such pools.

According to James C. George, investment officer, his fund also expects to benefit from Coca-Cola Co.'s definitive agreement, announced June 18, to buy for $485 million several television and movie properties. The Oregon system invested $10 million, and the Eastern Airlines Variable Retirement Plan for Pilots invested an unknown sum in one of the properties, Embassy Film Associates.

The investment in Embassy by Oregon and Eastern was separate from any KKR investments, and the Washington and Michigan funds were not involved in it.

Mr. George said he doesn't know the return on his Embassy investment.

Officials at all three pension funds said the sale of KTLA isn't final for them until they have a "check in hand" and Federal Communications Commission approval, required in all sales of television stations.

Of the three funds, Oregon put in the most, $25 million, in the KKR pool formed in 1982. Michigan put in $15 million and Washington, $10 million.

William A. Amerman, director-bureau of investments for the Michigan fund, and an official for the Washington investment board, said they haven't yet calculated the returns they expect from the television investment, but expect them to be high.

Both Oregon and Washington put $100 million each in a second KKR leveraged buy-out pool, in which Michigan put in $35 million. Money from that pool still is being invested.

However, Mr. George said he is pleased about the string of leveraged buy-out investments his pension fund has made, although the investments account for only 8% of the fund's $4.4 billion in assets. Mr. Amerman and the Washington fund official expressed similar feelings about leveraged-buy-out investments.

The television purchase was made in April 1983 for $245 million through KKR's investment pool, which owns 90% of the station. The remainder is owned by station executives. Last month, the Chicago-based Tribune Co. agreed to buy the station for $510 million.

Although the Oregon fund stands to gain nearly $20 million on the television sale, that $20 million would be the return on only $5 million of the $25 million the fund invested in KKR's first pool.

Officials at the three pension funds said other investments made by the KKR pool include Wometco, Dillingham Corp., Amstar Corp. and Pacific Realty Trust. Wometco, a broadcast group, has plans to sell

Continued on page 58

Clients of Stein, Roe are unfazed by arrest

By Trudy Ring

Stein, Roe & Farnham clients had mixed reactions to the arrest and subsequent resignation of partner John Giura, but none contacted by *Pensions & Investment Age* intends to terminate the firm.

Mr. Giura was arrested June 12 in New York and charged with obstructing a Securities and Exchange Commission investigation of payments he instructed a brokerage firm to make to two individuals. He was released after posting $250,000 bond. A preliminary hearing was set for July 3.

Mr. Giura, one of 54 partners in Stein, Roe, resigned after his arrest, saying, "I intend to spend all of the time necessary to defend myself against the charges and prove my innocence." He had been with the firm since 1959.

Marshall Front, a spokesman for Stein, Roe, said Mr. Giura's responsibilities have been assigned to others within the firm. He declined to say which accounts Mr. Giura handled, but said Mr. Giura's investment team was responsible for about 15% of the $9 billion run by Stein, Roe.

The complaint filed against Mr. Giura by the U.S. attorney's office said he managed pension fund investments for a large number of unions, including various Teamsters local and regional pension funds. However, officials of several Teamsters funds contacted by *P&I Age* said they do not use Stein, Roe as a manager.

Some funds that do use Stein, Roe indicated Mr. Giura's situation would not result in termination of the firm as a manager. An official of Chicago Bridge & Iron Co., Oak Brook, Ill., said the relationship with Stein, Roe is subject to review, but the relationship is a long-standing one so a change is unlikely.

Stein, Roe's relationship with the General Board of Pensions, United Methodist Church, Evanston, Ill., is not expected to change because the firm runs bonds for the church fund while the charge relates to a stock brokerage matter, said Gerald Hornung, general secretary.

Several other clients either said they were unfamiliar with the charge against Mr. Giura, or else declined comment.

Mr. Giura is charged with conspiring to cover up payments that a stock brokerage firm had made to

Continued on page 60

Investors refuse two payments

By Barry B. Burr

ST. PAUL, Minn. — The institutional holders of a BMC Industries Inc. convertible note issue — including the Atlantic Richfield Co. pension fund and the Teachers Insurance and Annuity Association — have refused two quarterly coupon payments as part of their effort to force the company to rescind the $30 million private placement issue.

The dispute could force a complete restructuring, at probably higher interest rates, of almost all of BMC's $87 million in long-term debt. Any rescission of the $30 million convertible issue would require the consent of BMC's senior lenders, which have $52.5 million outstanding credit to the company.

The institutions claim BMC was deficient in the disclosure marketing the private placement, citing in part the resignation of Ryal R. Poppa, president, chief executive officer and chairman of the board.

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Late news

Continued from page 1

million in total assets under management, $102 million of which was for 55 U.S. pension funds.

AT&T drops Bankers

NEW YORK — American Telephone & Telegraph Co. replaced Bankers Trust — Investment Management Group, New York, as custodian and record keeper of its $3.4 billion employee savings plan with American Transtech Inc., a Jacksonville, Fla., unit of AT&T.

Transtech won out in a competitive bidding, according to a source. "They made the best bid offer," the source said. "They competitively bid for it. They are very cost effective."

Besides the good price, he called the move logical because Transtech already handles AT&T's shareholder services and stock and bond transfer services for Bell operating companies.

Court backs trustees

WASHINGTON — Multiemployer fund trustees have the right to examine payroll and personnel records of contributing employers, the U.S. Supreme Court has ruled.

The 6-3 decision overturns an appeals court ruling involving the Teamsters, Central States, Southeast & Southwest Areas Pension Fund and 16 trucking companies. The dispute concerned the fund trustees' efforts to audit records of non-covered employees to check whether the plan participant population reported by the employer was accurate.

In a dissenting opinion, Justice John Paul Stevens said the Employee Retirement Income Security Act does not give trustees the right to examine the records of employees not covered by the collective bargaining contract.

Met Utilities buys GIC

OMAHA, Neb. — The $50 million Metropolitan Utilities' pension fund has hired Prudential Insurance Co. of America, Newark, N.J., for a $10 million guaranteed investment contract.

The money previously was run in equities by Metropolitan Life Insurance Co., New York.

The GIC, effective last March 20, places $5 million in a three-year contract at 11.35% and $5 million in a five-year contract at 12.25%.

Jack Klein, assistant general manager of finance for Metropolitan Utilities, said no consultant was used in the search.

I.A.M. fund selects 4

WASHINGTON — The $800 million I.A.M. National Pension Fund reportedly has hired four money managers.

The firms said to have been hired, and their assigned investment styles, are: Amivest Corp., New York, growth equity; Mellon Capital Management Corp., San Francisco, fixed-income index; Stein Roe & Farnham, Chicago, active balanced; and State Street Research & Management Co., Boston, equity index

Alan Skolnick, fund director, was unavailable for comment.

Personnel news

• OAK BROOK, Ill. — Dan Barton has been promoted to investment portfolio manager for CBI Industries Inc., parent company of Chicago Bridge & Iron Co. He replaces Robert Szombathy, who joined Allstate Insurance Cos., Northbrook, Ill., as an analyst in the investment department.

Mr. Barton will oversee about $175 million in pension assets and $90 million in profit-sharing funds.

• FORT WORTH — George K. Nicolaides has been named pension fund administrator for the Fort Worth, Texas, Employees' Retirement Fund.

He had been controller for the Diversified Chemical Corp., Houston.

He takes up the responsibilities for administering the $252 million pension fund formerly held by A. Judson Bailiff, the city's treasurer. Mr. Bailiff remains as treasurer.

No decision on liability

MILWAUKEE — Allis-Chalmers Corp. officials have not yet decided on a course of action concerning the $80 million in unfunded pension liabilities the company retained after selling most of its farm equipment operations to Klockner-Humboldt-Deutz AG, West Germany, a spokesman said.

The liabilities are associated with a tractor plant and a diesel engine plant that were not included in the sale and are being phased out.

Discussions are going on with unions at the plants, the spokesman said.

Fund terminations gain momentum among banks

By Fred Williams

The banking and thrift industry, trying to cope with deregulation, problem loans, a wave of mergers and sagging confidence levels, increasingly is turning to its pension plans as a source of capital.

Banks and thrift institutions with pension assets totaling $113.1 million are seeking to terminate defined benefit pension plans and recover $68.4 million in surplus assets, Pension Benefit Guaranty Corp. data on pending cases show.

The reversion amounts are not large when compared with some other industries. The oil industry, for example, has about $445 million in surplus assets pending distribution. But bank and thrift termination activity has gained momentum during the past 18 months.

The largest asset reversion now pending at the PBGC is that of Bank of Hawaii, Honolulu, which is seeking a $31 million reversion from its $35 million pension plan; the smallest is that of Bank of Oklahoma, Tulsa, which is seeking $1.1 million from its $6.6 million plan.

Banks and thrifts have recovered $107 million in surplus assets from terminated plans with assets of $238.9 million since 1981. By far, the greatest number of terminations has taken place since January 1984.

Most of the terminations seem to be among small and regional companies. Only one money center bank has terminated its plan: Bankers Trust Co., New York, received a reversion of $1.3 million in March 1984 from a plan with assets of $2.4 million.

Several institutions concentrated in Oklahoma and Texas have either terminated defined benefit plans or are in the process of doing so, including Bank of Oklahoma; Liberty National Corp., Oklahoma City; First Tulsa Bancorporation; First Oklahoma Bancorporation and Continental Federal Savings, both in Oklahoma City; Texas Federal Savings and Loan, Dallas; First Texas Savings Association, Dallas; and Ameriway Savings Association, Houston.

The Texas and Oklahoma terminations seem to be based on a combination of factors including a need for capital infusions to offset sour energy loans as well as to consolidate benefit plans as a result of mergers into bank holding companies.

"I am not surprised that the oil-patch institutions are well represented," among those terminating, said Tony Smith, a banking analyst with L.F. Rothschild, Unterberg, Towbin. "In the wake of the Penn Square Bank failure (in 1982), there were a lot of banks in serious trouble, large and small, facing severe earnings pressure because of their asset quality. During this period, the banks were under a lot of pressure to raise capital and, in some cases, the pressure came from excess loan losses."

Mr. Smith said banks and thrifts everywhere have been under pressure in recent months to increase earnings and "to be less leveraged."

The pension plan is one obvious choice of capital recovery, as well as a way to reduce costs, he said. Switching to defined contribution plans eliminates premium fees to the PBGC.

The concentration of bank terminations in the 1983-'85 period is telling because circumstances in the industry have created more pressure to boost reserve requirements, he said. In the aftermath of the Continental Illinois National Bank and Trust Co. crisis, the comptrol-

Continued on page 62

Public funds commit to Maggie Maes

By Trudy Ring

The Wisconsin State Board of Investment and the Retirement Systems of Alabama have made commitments to AA rated mortgage pass-through securities marketed by the MGIC Mortgage Marketing Corp., Milwaukee.

The securities will be backed by floating-rate mortgages. Participating lenders will originate mortgages for six months, adjusting the rate weekly. When all the loans are made and the securities delivered, the rate of return to the investors will be fixed at a weighted average yield.

Both states have bought mortgage securities through MGIC before, but the weekly adjustment of the rate is new, said David Bronner, secretary-treasurer of the $5 billion Alabama fund, which committed $25 million to the securities.

"This is a method used in very volatile interest rate markets, where rates move up or down every week," Mr. Bronner said. He said his fund has been invested in securities based on mortgages whose rates were adjusted monthly during the loan-making period.

The weekly adjustment gives the retirement systems an opportunity to take advantage of increasing interest rates, while attracting home buyers to the program when rates go down, Mr. Bronner said.

The rate tracks the seven-year Treasuries bill rate, but has a spread above it. Phil Hannafin, director of mortgage securities for the Wisconsin board, said the spread is about 100 basis points. The $11.5 billion Wisconsin fund committed $30 million to the securities.

The securities, called Maggie Maes, are high-quality, safe investments, Mr. Hannifan said.

"You're typically looking at as many as 300 loans" as backing for the securities, he said.

Under the Maggie Mae setup, MGIC Mortgage Marketing, a subsidiary of Mortgage Guaranty Insurance Corp., invites mortgage lenders to participate in a pool. After review and approval of submitted loans, the company establishes the pool to back the certificates. The certificates are sold to investors and funds remitted to the mortgage originators. The original notes, mortgages or deeds of trust and assignments are forwarded to a trustee, who passes through monthly principal and interest payments to the investor.

In the past six years, MGIC Mortgage Marketing has sold about $1 billion in mortgage-backed securities, mostly to state retirement systems, said Robert Eisendrath, vice president. "I think there's a lot of room for them to be players in these deals," he said. ■

Fear of intervention by Congress might force firms' hands

By Joel Chernoff

WASHINGTON — United Airlines' recapture of nearly $1 billion in surplus assets might push some employers closer to terminating their overfunded pension plans, some experts say.

United's spinoff/termination of its pension plans might make some corporate executives edgy that Congress will act to close the door on asset reversions. While no congressional groundswell has yet emerged, companies might want to act before it is too late, some experts believe.

"I think that there will inevitably be some number of corporate executives who turn to their chief financial officer and say, 'Should we be doing that?' who have not previously thought of doing so," said Dallas Salisbury, president of the Employee Benefit Research Institute.

However, Mr. Salisbury played down the importance of the United termination, noting many employers are contemplating a shift in emphasis to defined contribution plans. Fear of congressional action, he said, might create more incentive to do what they already had been considering.

In addition, the prospect of a 10% excise tax levied against excess assets recaptured after Dec. 31, as proposed in the president's tax reform plan, also might support motivations to terminate now, several experts noted.

Some service providers might recommend their clients at least consider the option of terminating; one pension attorney is wondering if he should call his clients and draw their attention to the issue.

Not including the United termination, nearly 700 plans with reversions of $6.6 billion had been terminated or were awaiting regulatory approval to terminate, as of May 31, according to data compiled by the Pension Benefit Guaranty Corp. The United reversion likely will increase that amount to more than $7.5 billion.

Pension experts, however, were divided as to whether Congress will take action on the reversion issue.

Indeed, Rep. William Clay, D-Mo., whose Labor subcommittee handles pension legislation, said he is "very troubled" about the use of pension assets in corporate takeovers, but suggested he has not arrived at any way on how to deal with the issue.

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Ten largest asset reversions resulting from pension plan terminations

Company	Successor plan	Amount of reversion ($ mil.)
UAL Inc.[1]	Spinoff	$962
Occidental Petroleum Corp.[2]	Defined contribution	428
Celanese Corp.	Spinoff	326
Great Atlantic & Pacific Co.	Defined contribution	320
Firestone Tire & Rubber Co.	Spinoff	284
Getty Oil Co. (Texaco)[2]	Spinoff	250
Reynolds Metals Co.	Defined benefit	126
AMAX Inc.	Spinoff	124
Fireman's Fund Insurance Cos.[1]	Defined benefit	120
INCO Ltd.[1]	Spinoff	116
TOTAL		$3,056

[1] Application to terminate plan is pending.
[2] Involves five Occidental and Cities Service Co. plans terminated in 1982 and 1984.

Source: Company estimates supplied to the Pension Benefit Guaranty Corp., and other company data.

Others may copy GM stock issue

By Marci Baker

General Motors Corp.'s use of two new classes of stock to finance its acquisitions of Electronic Data Systems and Hughes Aircraft Co. might have sparked a new financing technique.

Corporate finance

Industry officials are wondering who next will adopt the financing tool now that GM plans to issue a separate class of common stock — Class H — to help finance its $5 billion acquisition of Hughes Aircraft Co. Late last year, GM issued Class E stock to finance its acquisition of EDS.

Now, investment bankers and corporate officials think class stock soon will emerge as a popular financing tool — and not just for acquisitive-minded companies looking for high-growth partners.

Companies also could create separate classes of stock to enhance the value of existing business units, said Jerry Rosenfeld, a vice president in the mergers and acquisitions department at Salomon Brothers Inc., which came up with the idea for GM.

The only possible cloud on the horizon is potential action by the major stock exchanges against unequal voting rights for shareholders. The exchanges are being pressured by several congressmen to prohibit such unequal treatment.

Legislation introduced last week in Washington could affect the GM-Hughes deal, observers say. The proposed Class H stock, like GM's Class E stock, doesn't offer full voting rights to shareholders. If the legislation is approved as now written, Class H could be barred from being listed on the major exchanges. Existing stock with disproportionate voting rights would be "grandfathered" under the bill.

Investment bankers seem unconcerned. They say any restrictions can be overcome by careful design of the class stock. As to the effect on the Hughes deal, an aide to Sen. Howard Metzenbaum, D-Ohio, one of the sponsors of the bill, indicated the legislation could be changed to exempt Class H from the ban.

"A number of issues are still being resolved; we are continuing to work on them," he said.

The value of the two new classes of stock issued by GM is tied to the performance of the subsidiaries that were acquired, both of which are considered high-technology companies, not the relatively low-tech parent.

"I think the concept can be applied to almost any industry — not just technology," said one official at a large East Coast corporation. "It's one of the most innovative financing developments to be applied to capital structures in a long time."

Although corporate officials still are struggling to understand the nuances of class stock, they see a number of advantages in its use:

- It allows corporations to fund an acquisition through the marketplace, thereby preserving cash.
- The potentially higher multiple special class stock can carry could enable companies to acquire more cheaply than by using regular common stocks.
- Class stock provides lower growth companies with the means to diversify into high-growth businesses without sacrificing the financial incentives that fuel the entrepreneurial spirit typically inherent in those industries.
- It holds out prospects for unleashing the unrecognized market value of high-growth business units within large companies.

Using class stock is not dissimilar to the more traditional corporate

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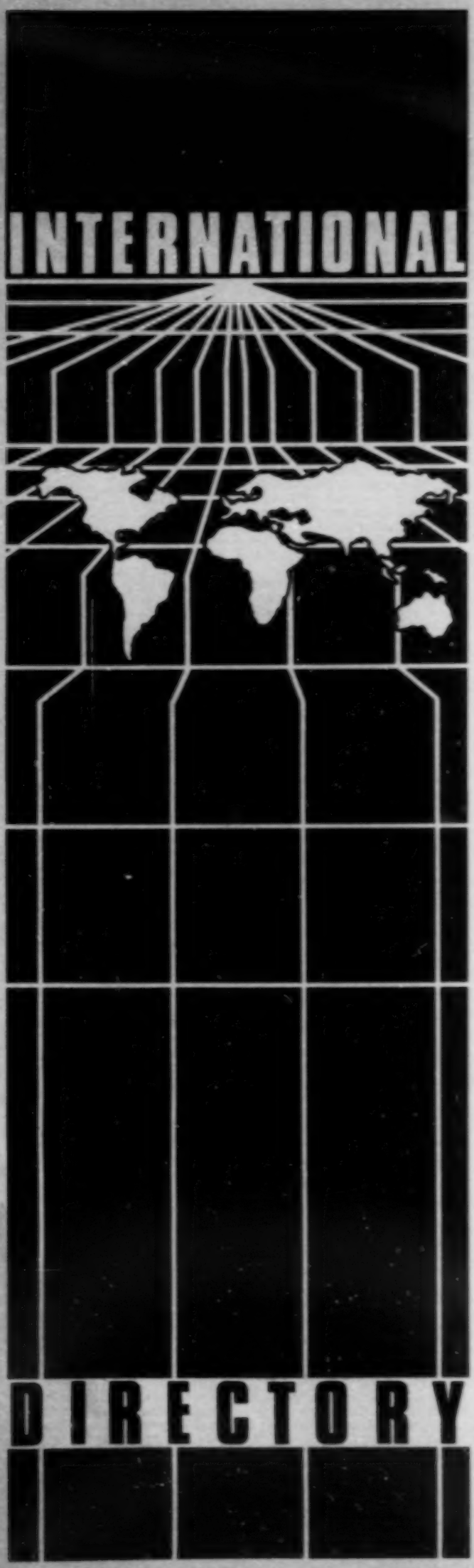

International activity by funds found to be leveling off

NEW YORK — The unusually strong U.S. dollar throughout 1984 had a dramatic effect on the performance of overseas money managers during the past 15 months and, in turn, on the level of total investment by U.S. pension funds, according to a *Pensions & Investment Age* survey of international and global managers.

U.S. tax-exempt assets invested overseas increased only by about 9% during the 15 months ended March 31.

Eighty-three international investment advisers reported total U.S. tax-exempt assets under management of $15.9 billion as of March 31, compared with $14.6 billion for the year ended Dec. 31, 1983.

Of this total, roughly $13.6 billion was invested in overseas stocks, roughly $1.8 billion in foreign bonds and $760 million in foreign cash equivalents.

The growth of the assets invested overseas didn't keep pace with the return for Capital International's Europe Australia and Far East Index, which was up 18.5% in dollar terms, and up 8.8% excluding Japanese bank stocks, which were underweighted in most international portfolios.

In fact, the growth rate of the assets suggests money actually might have been withdrawn from international investment by U.S. pension funds in the 15-month period.

The impression is heightened by the slow growth in the assets managed by the top international managers.

Assets managed by the top 20 managers accounted for roughly $12.6 billion of the overall total, which is virtually unchanged from the $12.2 billion level reported Dec. 31, 1983.

Any withdrawal of assets from international investing probably was a result of companies establishing dedicated bond funds, like Chrysler Corp., or terminating plans, like Celanese Corp.

This leveling off of assets under management by the leading international managers marks an end to the ebullient growth in assets of the past three years.

Indeed, the survey covering 1983 foreign investment showed a 36% jump in assets, to $12.2 billion. Likewise, the survey covering 1982 investments of the top 20 international managers revealed a 23% increase, to $9 billion.

The year earlier, assets under management internationally for the top 20 advisers were $7.3 billion, or 46% greater than the level of the year prior to that.

Perhaps the most important change in overseas investment to occur in the past year has been the rise in popularity of global accounts as opposed to international (i.e., non-U.S. or non-North American) accounts among pension fund customers.

For the first time, the *P&I Age* survey asked international money managers to break out whether they had global investment capability and how much in tax-exempt assets they were managing in that manner.

Responses indicated the development of

Continued on page 24

3 consider overseas moves

FRESH ON the heels of the Tokyo seminar given by the Institute for Fiduciary Education, international investment is being weighed by the boards of at least three of the 12 public pension funds that were represented.

They are the $25 billion California Public Employees Retirement System, the $2.2 billion Illinois Municipal Retirement Fund and the $14 billion New York State Teachers System.

Further, even though moves into international investment have been tabled temporarily by the $1.2 billion Public Employees Retirement System of Nevada, one of its trustees, who attended the seminar too, said investment abroad still is being considered.

Although interest in international as a means of diversification might have predated the conference for some public fund officials, reactions to the meeting were favorable and participants seem to be considering foreign investment from a new perspective.

"Before this, the most exposure to international investment I'd gotten was from reading about the subject," said Gerald Sebesta, one of seven trustees for the Illinois municipal system.

"I've been on the board for 10 years, and it was without a doubt the best seminar I've attended for the amount of information available to participants and because it was a small group, there was a lot of one-on-one.

"They managed to bring together an interesting representation of people, including those with day-to-day responsibilities and also ones with policy-making responsibilities."

Mr. Sebesta said that while international diversification was a topic under consideration before the trip, the trip to Tokyo cemented his attitude toward the area.

"In fact, when I got back, I spoke to A.S. Hansen, our consultant, about it and will be recommending at the June meeting how we might bring other members up to the level of knowledge necessary to decide what we want to do now."

As for any move into international investing, "I think it definitely has a place in our portfolio," he said. "But, as for the amount and how fast it should proceed, (that) is up to the other six board members."

According to Nicholas Maletta, trustee with the New York teachers' fund, the seminar was very effective.

"This is an area most public funds are not involved in and they did a very good job in opening the subject up to us," he said.

Because the teachers' fund no longer is legally restricted from making foreign investments, "I'm going to discuss it with the board

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Stories by Rose Darby

Art by Amy Palmer

International investment advisers ranked by tax-exempt assets invested abroad

Rank	Firm	($ mil.)
1.	J.P.Morgan Investment Mgt. Inc.	$2,185.0
2.	Morgan Grenfell Investment Services Ltd.	1,218.0
3.	Fidelity International Investment Advs.	1,000.0
4.	Capital Guardian Trust Co.	974.9
5.	Rowe Price-Fleming Intl. Inc.	868.0
6.	Templeton Group	660.0
7.	G.T. Capital Mgt. Inc.	657.9
8.	Grantham Mayo Van Otterloo & Co.	569.0
9.	ABD International Mgt. Corp.	514.0
10.	State Street Bank and Trust Co.	491.0
11.	Batterymarch Financial Mgt.*	466.0
12.	Schroder Capital Mgt. Intl.	435.0
13.	Baring International Investment Ltd.	432.2
14.	PCM International	420.0
15.	First Chicago Investment Advisors	341.7
16.	N.M. Rothschild Intl. Asset Mgt.	315.0
17.	Citicorp Investment Mgt.	300.0
18.	Putnam International Advisors	250.6
19.	Mellon-Pictet Intl. Mgt. Ltd.	250.0
20.	Nomura Capital Mgt. Inc.	235.0
21.	Kleinwort Benson Intl. Invest. Ltd.	232.7
22.	Chase Investors Mgt. Corp.	223.4
23.	BEA Associates Inc.	218.0
24.	Warburg Investment Mgt. Intl. Inc.	200.0
25.	Kemper-Murray Johnstone Intl.	189.0
26.	BAIMCO International Ltd.	161.0
27.	Travelers Hill Samuel Intl. Ltd.	153.7
28.	Daiwa International Capital Mgt. Corp.	150.2
29.	Lombard Odier Intl. Portfolio Mgt. Ltd.	132.0
30.	Martin Currie Inc./Martin Currie	107.0
31.	Fiduciary Trust Co. of New York	100.5
32.	Frank Russell Trust Co.	92.6
33.	Brown Brothers Harriman & Co.	91.9
34.	Ivory & Sime International Inc.	90.0
35.	Capital Research and Mgt. Co.	85.0
36.	Nikko-Charterhouse J. Rothschild	82.0
37.	Alliance Capital Mgt. Intl. Inc.	78.0
38.	Capital Management Intl.	75.0
39.	IDS/Gartmore International Inc.	74.7
40.	Wellington Mgt. Co./T.D.P. & L.	67.1
41.	Globe Finlay Inc.	66.0
42.	BT Investment Mgt. Ltd.	64.0
43.	Aetna Montagu Asset Mgt.	62.0
44.	The Vanguard Group	60.0
45.	Centerre Trust Co. of St. Louis	56.0
46.	Scudder, Stevens & Clark	54.4
47.	Yamaichi Capital Mgt. Inc.	38.0
48.	Julius Baer Investment Mgt. Inc.	35.0
49.	ASB Capital Mgt. Inc.	31.0
50.	Walter Scott International Ltd.	30.0
51.	CIGNA	26.0
52.	Wertheim-Philippe International	26.0
53.	CB International Investment Ltd.	22.0
54.	Wells Fargo Investment Advisors	21.4
55.	Thomas J. Herzfeld Advisors Inc.	20.0
56.	Prudential Asset Mgt. Co.	14.6
57.	RebublicBank Dallas	14.0
58.	SBC Portfolio Mgt. Intl.	13.3
59.	Wardley Marine Intl. Invest. Mgt.	12.2
60.	American Express Asset Mgt.	12.0
61.	Foreign and Colonial Asset Mgt.	11.5
62.	Alexander, Scriver & Assoc. Inc.	10.0
63.	Laidlaw Capital Mgt. Inc.	10.0
64.	The Spangler Group Inc.	8.0
65.	American Natl. Bank & Trust Co./Chi.	7.7
66.	Arnhold and S. Bleichroeder Intl.	7.0
67.	HT Investors Inc.	5.0
68.	James Investment Research Inc.	5.0
69.	Peoples National Bank of Washington	5.0
70.	Barclays Investment Mgt. Ltd.	3.8
71.	Bessemer Trust Co.	2.1
72.	TheToledo Trust Co.	1.6
73.	Markston International Inc.	1.3
74.	John M. Cunningham Inc.	1.0
75.	First Investors Equity Mgt. Co.	1.0
76.	Newport Pacific Mgt.	0.5
77.	Credit Suisse First Boston (Asset Mgt.)	0.0
78.	Kangyo Kakumaru Capital Mgt. Corp.	0.0
79.	N. Reitenbach & Co. Inc.	0.0
80.	New Japan Capital Mgt. (USA) Inc.	0.0
81.	Paribas Asset Mgt. Inc.	0.0
82.	Simms Capital Mgt. Ltd.	0.0
83.	Swiss American Asset Mgt. Intl.	0.0
	TOTAL	**$15,945.5**

* Includes The Vanguard Group assets

Directory

a

ABD International Management Corp.

10 E. 53rd St., New York, N.Y. 10022; (212) 319-5020

Total assets managed	$612 million
Tax-exempt assets managed:	
Total	$514 million
Invested overseas	$514 million

ABD International, a subsidiary of Dresdner Bank AG in Frankfurt, West Germany, managed $514 million in international accounts for 10 U.S. tax-exempt clients as of March 31. Of that, $411 million was in foreign stocks, $77 million in foreign bonds and $26 million in cash equivalents.

The firm looks for real values at reasonable prices and has capabilities of investing in up to 19 markets worldwide.

It aims to produce superior returns through its currency management program and stock selection while controlling the risks inherent in international portfolios by actively managing currency positions and by following specific portfolio structure guidelines.

It managed $1.5 billion for foreign pension funds.

Analysts or portfolio managers are stationed in Frankfurt, New York, Tokyo, Singapore and Hong Kong.

Minimum account size for individual management is $10 million. The firm is registered with the SEC as an investment adviser as of 1980.

Clients include AT&T, GM, GE and Oregon Public Employees.

The client contact is J.B. Jordon, director-client services and marketing.

Aetna Montagu Asset Management

151 Farmington Ave., Hartford, Conn. 06156; (203) 636-6251

Total assets managed	$3,440 million
Tax-exempt assets managed:	
Total	$62 million
Invested overseas	$62 million

Aetna Montagu, a subsidiary of Montagu Investment Management, managed $62 million in international accounts for 28 U.S. tax-exempt clients as of March 31.

The international equity assets were committed most heavily in Japan, 50%; the United Kingdom, 14%; West Germany, 6%; Italy, 5%; and Switzerland, 4%.

In addition, the firm managed $1.5 billion for foreign pension funds.

The investment approach is active management of country, asset, stock and currency weightings. The top-down approach is integrated closely with bottom-up stock selection using overseas investment resources. It combines the roles of fund manager and analyst with strong emphasis on low p/e, growth companies.

All of the U.S. tax-exempt assets were in in commingled accounts.

Analysts or portfolio managers are stationed in London, Tokyo, Hong Kong and Hartford, Conn.

Minimum account size for individual management is $5 million.

Clients include Atlantic City Electric, Croda, Hughes Tool and Western Pennsylvania Hospital.

The client contact is Christian W. Thwaites, assistant vice president.

Alexander, Scriver & Associates Inc.

1099 18th St., Suite 2810, Denver, Colo. 80202; (303) 298-1858

Total assets managed	$110 million
Tax-exempt assets managed:	
Total	$62 million
Invested overseas	$10 million

Alexander, Scriver & Associates, a subsidiary of Chemical New York Corp., managed $10 million in international accounts for one U.S. tax-exempt client as of March 31. Of that, $3 million was in foreign stocks and $7 million in cash equivalents.

The equity assets of this account were invested most heavily in Singapore and Australia, 15% each.

Quantitative analysis is used to determine the country allocation, evaluate currencies and to select individual issues within each country. Alexander, Scriver's contrarian approach attempts to look for overreactions in markets by analyzing price information. Its fundamental analysis relies on a Graham & Dodd analysis similar to that used in the United States.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in Denver.

Alexander, Scriver has been registered with the SEC as an investment adviser since 1978.

Clients include Chemical Bank pension plan.

The client contact is Gerald H. Scriver, president.

Alliance Capital Management International Inc.

Buckingham House, 62/3 Queen St., London, EC4R 1AD, England; (01) 248-8881

Total assets managed	$512 million
Tax-exempt assets managed:	
Total	$181 million
Invested overseas	$78 million

Alliance Capital Management International, a subsidiary of Alliance Capital Management Corp., invested $78 million in international accounts for 22 U.S. tax-exempt clients as of March 31. Of that, $75 million was invested in foreign stocks and $3 million in cash equivalents.

The equity assets were invested most heavily in Japan, 29%; Germany, 13%; Holland, 23%; Switzerland, 9%; and the United Kingdom, 8.5%.

The firm managed $230 million for foreign pension funds.

For international investing, geographic and industrial structure is stressed. Emphasis is placed on market valuation, industry valuation and cyclical or secular attraction locally or cross-frontier. There is distinct overweighting of countries and industries, a strong stock selection effort, low R-squared in each market and a capital asset pricing model overlay. QUANTEC analysis is used in each market.

Of the assets invested abroad, $73 million was in commingled accounts.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in New York, London and Tokyo.

Alliance Capital has been registered with the SEC since 1971.

Clients include ITT and IBM Australia. Contact Clinton Kendrick, chairman, in London, or in New York at (212) 902-4093.

American Express Asset Management

375 Park Ave., Suite 1407, New York, N.Y. 10022; (212) 415-0802

Total assets managed	$330 million
Tax-exempt assets managed:	
Total	$12 million
Invested overseas	$12 million

American Express Asset Management, a subsidiary of the American Express Co., managed $12 million in a global account for one U.S. tax-exempt client as of March 31. Of that, $8.3 million was in stocks, $2.2 million in bonds and $1.5 million in cash equivalents.

The equity assets were committed most heavily in the United States, 29%; Japan, 21%; Germany, 12%; the United Kingdom, 11%; and Switzerland, 10%.

American Express Asset Management identifies global investment themes and uses opportunistic stock selection, dynamic asset allocation and active currency management to enhance returns. Decision-making is supported by microcomputer technology to implement and control the investment process.

The firm is registered with the SEC.

Minimum account size for individual management is $15 million.

Analysts or portfolio managers are stationed in London and Brussels.

The client contact is Susan Leader, director of marketing.

American National Bank & Trust Co. of Chicago

33 N. LaSalle St., Chicago, Ill. 60690; (312) 661-6925

Total assets managed	$8 million
Tax-exempt assets managed:	
Total	$8 million
Invested overseas	$8 million

American National Bank & Trust Co. managed $8 million in international accounts for seven U.S. tax-exempt clients, all in a commingled account.

As of March 31, the equity assets were invested most heavily in Japan, 52%; United Kingdom, 18%; Switzerland, 4.9%; Australia, 3.9%; and France, 3.2%.

For investing U.S. tax-exempt assets, the firm tracks Capital International's EAFE index.

Minimum account size for separate management is $5 million.

Analysts or portfolio managers are stationed in Chicago.

The client contact is Jim Kartalia at (312) 661-5870.

ASB Capital Management

655 15th St. N.W., Suite 800, Washington, D.C. 20005; (202) 383-6300

Total assets managed	$3,378 million
Tax-exempt assets managed:	
Total	$2,990 million
Invested overseas	$31 million

ASB Capital Management, a subsidiary of American Security Corp., managed $31 million in international accounts for 53 tax-exempt U.S. clients. Of that, $29 million was invested in foreign stocks and $2 million in foreign bonds. Of the total, $1.3 million was in commingled accounts.

The equity assets were committed most heavily to Japan, 31.9%; Germany, 16.7%; Australia, 7.4%; the Netherlands, 7%; and Switzerland, 5.4%.

There are two primary objectives in the firm's investment approach: to provide an investment vehicle through which portfolio diversification can be enhanced and to increase portfolio return.

The portfolio distribution is based on careful economic analysis and fundamental market, industry and company analysis.

Minimum account size for separate management is $1 million.

Analysts or portfolio managers are stationed in Washington, D.C.

The firm is registered with the SEC.

The client contact is Howard E.N. Wilson, vice president, (202) 383-6390.

b

Julius Baer Investment Management Inc.

330 Madison Ave., New York, N.Y. 10017; (212) 949-9055

Total assets managed	$50 million
Tax-exempt assets managed:	
Total	$50 million
Invested overseas	$35 million

Julius Baer Investment Management, a subsidiary of Switzerland-based Bank Julius Baer & Co. Ltd., managed $35 million in international and global accounts for three U.S. tax-exempt clients as of March 31. Of that, $5 million was in foreign stocks, $29 million in foreign bonds and $1 million in cash equivalents.

As of March 31, $32 million was invested in international accounts. The fixed-income assets were most heavily committed to Japan, 50%; Germany, 15%; the Netherlands, 15%; the United Kingdom, 10%.

The firm invested $3 million in global accounts. Equity assets were most heavily committed to Japan, 45%; Germany, 10%; the Netherlands, 10%; Switzerland, 10%; the United Kingdom, 10%; and U.S. cash, 10%.

The investment approach uses active currency allocation, emphasizing strong, stable countries, top-quality government securities and orientation and short- to immediate-term maturi-

ties (three to seven years).

Minimum account size for separate management is $5 million.

Analysts and portfolio managers are stationed in London and Zurich.

The firm is registered with the SEC.

Clients include Walter-Kidde, Owens-Illinois and Toledo Trust.

The client contact is Jay A. Dirnberger, managing director.

BAIMCO International Ltd.

No. 1 Watling St., London EC4P 4BX, England; (01) 634-4000

Total assets managed	$435 million
Tax-exempt assets managed:	
Total	$247 million
Invested overseas	$161 million

As of March 31, BAIMCO International, a subsidiary of BA Investment Management Corp., managed $161 million abroad for six tax-exempt U.S. clients. Of that, $29 million was in foreign stocks and $132 million in foreign bonds.

Of the total invested abroad, $148 million was invested in international accounts. The equity assets were committed most heavily to Japan, 37%; the United Kingdom, 21%; the Netherlands, 8%; Canada, 8%; and France, 7%.

The remainder was in global accounts. These equity assets were committed most heavily to Japan, 11%; United Kingdom, 11%; the Netherlands, 9%; France, 7%; and Italy, 4%.

Of the U.S. tax-exempt assets invested abroad, $52 million was in commingled accounts.

The investment approach establishes mutually agreed upon investment objectives and risk/return parameters. Its active, broadly top-down, disciplined approach includes an ongoing analysis of underlying fundamentals; separate market and currency decisions; a multiscenario approach; and expected return targets vs. riskless investment returns. It is a fixed-income specialist.

Minimum account size for separate management is $2 million for equity and $5 million for bond and balanced accounts.

Analysts and portfolio managers are stationed in London and San Francisco.

It is in the process of registering with the SEC.

The client contacts are Joy Harper in London, (01) 634-4664, and Francois Dennery in New York, (212) 503-7628.

Barclays Investment Management Ltd.

Juxon House, 93 St. Paul's Churchyard, London EC4M 8EH, England; (01) 248-9155

Total assets managed	$6,000 million
Tax-exempt assets managed:	
Total	$47 million
Invested overseas	$4 million

Barclays Investment Management Ltd., a subsidiary of Barclays Bank, managed $4 million in international accounts for one tax-exempt U.S. client. Of that, $1.4 million was invested in foreign stocks and $2.4 million in foreign bonds.

Equity assets were committed most heavily to Canada, Europe, Japan/-Asia and Australia.

In addition, the firm has about $4.5 billion from U.K. pension funds under management.

Asset allocation is derived from a top-down approach concentrating on real, as distinct from monetary, assets identifying favored sectors on an international basis. Quantitative analytical techniques are employed where specific risk/return requirements are clearly identifiable and where available data permits use of these techniques.

Minimum account size for separate management is $10 million.

Analysts or portfolio managers are stationed in London, Paris, Geneva, Amsterdam and Sydney.

Barclays is registered with the SEC.

The client contacts are David Moss, managing director, and Michael Roberts, executive director-international section, in London at (01) 248-9156.

Pensions & Investment Age's annual institutional brokerage survey will be published Sept. 30.

Baring International Investment Ltd.

9 Bishopsgate, London EC2N 3AQ, England; (01) 623-5264

Total assets managed	$444 million
Tax-exempt assets managed	
Total	$432 million
Invested overseas	$432 million

Baring International Investment, a subsidiary of Baring International Investment Management Ltd., managed $432 million in international accounts for 13 tax-exempt U.S. clients, as of March 31. Of that, $393 million was in foreign stocks, $17 million in foreign bonds and $22 million in cash equivalents.

The equity assets were committed most heavily in Japan, 32%; the United Kingdom, 21%; Germany, 9%; the Netherlands, 6%; and Switzerland, 5%.

Minimum account size for separate management is $10 million.

Analysts or portfolio managers are stationed in London, Hong Kong and Tokyo.

Baring uses a macro approach for asset class and geographic selection, focusing on economic policy, currency outlook and other factors. Within individual countries it is a stockpicker, focusing on reinvestment rates to select individual securities. The firm will move as much as 50% of its funds into cash in times of uncertainty.

Baring is registered with the SEC.

Clients include Inland Steel, Beatrice, Conrail and Honeywell.

Contacts are John F. McNamara, director, or Anne L. Turner, representative, (617) 357-9074.

Batterymarch Financial Management

600 Atlantic Ave., Boston, Mass. 02210; (617) 973-9300

Total assets managed	$ 12,843 million
Tax-exempt assets managed:	
Total	$12,523 million
Invested overseas	$466 million

Batterymarch managed $466 million in international accounts for 31 tax-exempt U.S. clients as of March 31. One of the accounts is a commingled fund with 27 clients. Of the total assets, $419 million was invested in foreign stocks and $47 million in cash equivalents; $390 million was in the commingled account.

Equity assets were committed most heavily to Australia, 19%; Japan, 17%; the United Kingdom, 16%; Hong Kong, 10%; and Singapore, 10%.

Batterymarch's investment process emphasizes country markets that are contrarian, value-oriented and offer superior diversification vs. the United States. Stock selections are the result of disciplined, quantitative valuation techniques.

Minimum account size for separate management is $10 million.

Analysts or portfolio managers are stationed in Boston.

The firm is registered with the SEC.

The client contact is Alan J. Strassman, executive vice president.

BEA Associates Inc.

153 E. 53rd St., 58th Floor, New York, N.Y. 10022; (212) 832-2626

Total assets managed	$4,417 million
Tax-exempt assets managed:	
Total	$4,197 million
Invested overseas	$218 million

BEA Associates Inc. managed $218 million overseas for 10 tax-exempt U.S. clients as of March 31. Of this, $168 million was in foreign stocks and $50 million in foreign bonds.

Of the $218 million, $65 million was invested in international accounts and $153 million was in global accounts.

Equity assets in both types of accounts were committed most heavily in the United Kingdom, Japan, Italy, Canada and Sweden.

Minimum account size for separate management is $5 million.

Analysts and portfolio managers are stationed in New York.

The foreign investment philosophy uses price sensitivity and value orientation. It seeks better relative values within a global context. It also tries to identify markets that are moving out of phase with the U.S. markets to reduce portfolio volatility and vulnerability.

It is registered with the SEC.

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Clients include the state of Oregon and Arthur D. Little.

The contact is Albert L. Zesiger, chairman.

Bessemer Trust Co.

630 Fifth Ave., New York, N.Y. 10111; (212) 708-9141

Total assets managed	$3.689 million
Tax-exempt assets managed:	
Total	$510 million
Invested overseas	$2.1 million

Bessemer Trust, a subsidiary of the Bessemer Group Inc., invests $2.1 million overseas for six tax-exempt U.S. clients. As of March 31, $900,000 was invested in foreign stocks, and $1.2 million in cash equivalents.

Equity assets were committed most heavily to Japan, 22%; West Germany, 14%; the United Kingdom, 12%; the Netherlands, 11%; and Hong Kong, 8%.

Bessemer places an emphasis on asset allocation and country selection based on macroeconomic data. A fundamental approach is used in stock selection. Portfolios are actively managed and primarily equity oriented. In-house research is augmented by relationships with several non-U.S. advisers and local brokers. It seeks to achieve incremental returns relative to U.S. markets and reduce overall portfolio risk and volatility.

Minimum account size for separate management is $5 million.

The company has portfolio managers in New York City and Palm Beach, Fla., and analysts in New York.

Robert Q. Wyckoff Jr., vice president, is the client contact.

Arnhold and S. Bleichroeder International

45 Broadway, New York, N.Y. 10006; (212) 943-9200

Total assets managed	$25 million
Tax-exempt assets managed:	
Total	$7 million
Invested overseas	$7 million

Arnhold and S. Bleichroeder International managed $7 million in international accounts for three U.S. tax-exempt clients. All of the assets were invested in foreign stocks.

As of March 31, the equity assets were committed most heavily to Australia, 23.7%; Italy, 26.2%; Hong Kong, 17.5%; the United Kingdom, 11.2%; and Germany, 8.6%.

The firm selects securities, not countries. It evaluates the fundamental criteria of a company and compares absolute and relative p/e and price/cash flow. It targets a 50% rate of return for each selected stock for a 12- to 24-month time horizon. It owns no more than 30 securities.

It is registered with the SEC.

Minimum size for separate management is $5 million.

Analysts or portfolio managers are stationed in New York.

Clients include NL Industries.

The client contact is Frederic C. Reynolds, vice president.

Brown Brothers Harriman

59 Wall St., New York, N.Y. 10005; (212) 483-1818

Total assets managed	$8,900 million
Tax-exempt assets managed	
Total	$4,880 million
Invested overseas	$92 million

As of March 31, Brown Brothers Harriman & Co. managed $91.9 million in international accounts for five tax-exempt U.S. clients. Of that, $82.2 million was in foreign stocks, $1.3 million in foreign bonds and $8.4 million in cash equivalents.

The equity assets were committed most heavily to Japan, 40%; the United Kingdom, 13%; Germany, 11%; Switzerland, 9%; and Australia, 8%.

The firm also managed $152 million for foreign pension funds.

Brown Brothers Harriman tries to identify countries whose growth rates will exceed that of the United States and whose policies are pro-investment. It looks for industry sectors with above-average growth and stocks within those sectors with the best earnings potential. While it uses fundamental analysis to examine a company's balance sheet and income statement, it uses technical analysis for buy/sell decisions. It seeks marketability, hedges currency risk when appropriate and manages reserves aggressively.

Minimum account size for separate management is $5 million.

Analysts or portfolio managers are stationed in New York, London and Tokyo. The client contact is Frank J. Keeler, manager, at (212) 483-5376.

BT Investment Management

Dashwood House, 69 Old Broad St., London EC2P 2EE, England; (01) 726-4141

Total assets managed	$700 million
Tax-exempt assets managed	
Total	$64 million
Invested overseas	$64 million

BT Investment Management, a subsidiary of Bankers Trust Co., managed $64 million in international accounts for 10 tax-exempt U.S. clients, as of March 31. Of that, $60 million was in foreign stocks and $4 million in cash equivalents; all assets were in commingled accounts.

The equity assets were committed most heavily to the United Kingdom, 41%; Japan, 18.6%; the Netherlands, 9.3%; Australia, 8.5%; and Germany, 6.6%.

The firm selects country allocations by analyzing multiple scenario forecasts for 12 countries; it then selects individual securities, guided by international research and analytical reports. Selection of Japanese stocks is done by BT Investment's portfolio managers in Tokyo.

Minimum account size for separate management is $5 million.

Analysts or portfolio managers are stationed in New York, Tokyo and London.

It is registered with the SEC.

Clients include Mobil, Lincoln Telephone & Telegraph, Lockheed and CPC International.

Client contacts are Vik Maharaj in New York at (212) 850-2534; and Roger Ward in London.

Capital Guardian Trust

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9200

Total assets managed	$10,249 million
Tax-exempt assets managed:	
Total	$10,249 million
Invested overseas	$975 million

As of March 31, Capital Guardian Trust Co., a subsidiary of Capital Group Inc., managed $975 million abroad for 19 tax-exempt U.S. clients. Of that, $854 million was invested in foreign stocks, $35 million in foreign bonds and $86 million in cash equivalents.

Of the total invested abroad, $771 million was in international accounts. The equity assets were committed most heavily to Japan, 39.4%; Germany, 15.5%; the United Kingdom, 8.7%; Hong Kong, 6.4%; and Australia, 6.1%.

The remaining $203.6 million was invested globally. The equity assets for these accounts were committed most heavily to the United States, 44.4%; Japan, 17.6%; Germany, 10.6%; the United Kingdom, 5.5%; and Australia, 3.9%.

Capital Guardian uses a fundamental value-oriented approach based on thorough, detailed research supported by direct management contacts. An additional focus is provided by portfolio managers and analysts with country or area economic, political and social overview responsibilities.

Of the $975 million invested abroad, $336 million was in commingled accounts.

Minimum account size for separate management is $10 million.

Clients include Xerox, Atlantic Richfield and the Common Fund for Nonprofit Organizations.

Client contacts are John H. Seiter, vice president, and Philip A. Swan, marketing associate.

Capital Management International GmbH of Deutsche Bank

9 W. 57th St., New York, N.Y. 10019; (212) 832-1630

Total assets managed	$100 million
Tax-exempt assets managed:	
Total	$75 million
Invested overseas	$75 million

Capital Management International GmbH had $75 million invested internationally for one U.S. tax-exempt client as of March 31.

The equity assets were committed most heavily to Japan, 39.1%; West Germany, 23.2%; Switzerland, 8.8%; Italy, 4.3%; and Hong Kong, 4.2%.

The company uses an active, top-down selection of countries with an emphasis on large-cap stocks. It is value-oriented, with a conservative strategy based on fundamentals. Stock selection emphasizes financial strength, low p/e ratios, sustainable earnings growth and market timing.

For fixed income it uses interest rate anticipation in conjunction with economic analyses of countries and an assessment of intermediate-term currency movements.

Capital Management also managed $25 million for foreign pension funds.

It has portfolio managers or analysts stationed in Frankfurt am Main, West Germany.

The minimum account size for separate management is $1 million.

It is registered with the SEC.

Michael Tintelnot, vice president, is the client contact.

Capital Research and Management Co.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9900

Total assets managed	$9,183 million
Tax-exempt assets managed:	
Total	$1,950 million
Invested overseas	$85 million

Capital Research and Management invested $76.7 million overseas for global accounts through its New Perspective Fund and $8.3 million, all in equity, for international accounts through its EuroPacific Growth Fund.

The assets of the EuroPacific Growth Fund were committed most heavily to Japan, 25.8%; the United Kingdom, 13%; Germany, 8.7%; Sweden, 6.6%; and Hong Kong, 6.5%. The New Perspective Fund's weightings included the United States, 42%; Japan, 13%; Germany, 8.8%; the United Kingdom, 6.4%; and Hong Kong, 4.6%.

Capital Research uses a value-oriented approach based on far-ranging research and intensive analysis.

The firm has portfolio managers or analysts in Los Angeles, New York, San Francisco, Washington, London, Geneva and Tokyo.

Tax-exempt clients include Santa Fe International and Castle & Cooke.

Benjamin H. Shattuck, senior vice president, is the client contact.

CB International Investments

100 Wall St., New York, N.Y. 10005; (212) 248-0100

Total assets managed	$700 million
Tax-exempt assets managed:	
Total	$22 million
Invested overseas	$22 million

CB International Ltd. had all of its U.S. tax-exempt assets in international accounts, and all but $1.7 million in stocks as of March 31.

The equity assets were committed most heavily to Japan, 53%; Hong Kong, 10%; Germany, 9%; Canada, 10%; and the Netherlands, 5%.

CB International uses a disciplined, value-oriented approach emphasizing intermarket valuation and portfolio construction within a quantitative framework.

The firm has portfolio managers or analysts in London, Hong Kong, Singapore or Melbourne.

The firm is registered with the SEC. It is a subsidiary of County Bank Ltd., London.

Minimum account size is $5 million.

Thomas S. Marshall, senior vice president, is client contact.

Centerre Trust Co. of St. Louis

510 Locust St., St. Louis, Mo. 63101; (314) 231-9300

Total assets managed	$6,244 million
Tax-exempt assets managed:	
Total	$2,795 million
Invested overseas	$56 million

All of the $56 million invested overseas for 22 U.S. tax-exempt accounts by Centerre Trust was in a commingled international account. Of this, $52 million was in stocks and $4 million was in cash as of March 31.

The assets were invested most heavily in Japan, 44%; the United Kingdom, 13%; Germany, 10%; France, 5%; and the Netherlands, 5%.

It places primary emphasis on over- or underweighting countries, followed by stock and sector selection. The primary factor to decision-making is fundamental research with large movement between countries being a key factor.

Clients include Burlington Northern, Squibb Corp. and Union Electric Co.

Rollin C. Woltjen, vice president, director-employee benefit marketing, is the client contact.

Chase Investors Management Corp.

1211 Avenue of the Americas, 37th Floor, New York, N.Y. 10036; (212) 730-3744

Total assets managed	$16,955 million
Tax-exempt assets managed:	
Total	$14,205 million
Invested overseas	$223 million

Chase Investors managed $2.7 million in international accounts for U.S. tax-exempt clients as of March 31. In addition, the firm had roughly $221 million invested overseas for U.S. tax-exempt clients in discretionary domestic accounts.

Of the total $223 million, $169.5 million was in foreign stocks, $45.4 million was in foreign bonds and roughly $8.5 million was in overseas cash equivalents.

The equity assets were committed most heavily to Japan, 50%; United Kingdom, 20%; West Germany, 7%, Switzerland, 7% and the Netherlands, 6%.

Chase Investors employs a top-down/bottom-up, moderate country and cash allocation approach. The overview of world economic cycles is based on analysis of economic strength and currency relative to the dollar on a 12-month horizon. This analysis forms the basis for equity/cash/fixed-income allocation. Then, based on sector and stock analysis, specific country allocations

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are made. In addition, a significant portion will be aligned with the EAFE index on an industry basis, and major bets will be made around the core.

The firm has analysts or portfolio managers in New York and London. Minimum account size for separate management is $10 million.

The firm is registered with the SEC.

The client contact is Edward V. Arbaugh, vice president.

CIGNA

950 Cottage Grove Road, Hartford, Conn. 06152; (203) 726-3153

Total assets managed	$34,100 million
Tax-exempt assets managed:	
Total	$16,000 million
Invested overseas	$26 million

CIGNA managed $26 million in international accounts for 26 U.S. tax-exempt clients as of March 31. Of that, $18 million was in foreign stocks, $7 million was in foreign bonds and $1 million in cash equivalents.

The equity assets were committed most heavily to Japan, 29%; Hong Kong, 14%; England, 9%; Germany, 8%; and Switzerland, 4%.

Of the international investments, $6 million was in commingled accounts.

CIGNA emphasizes international equities demonstrating rapid growth in earnings in industries whose fundamental characteristics are attractive. This philosophy embraces companies with significant cyclical potential. It also incorporates a thorough country and currency evaluation. The approach seeks above average growth of capital within a discipline that avoids overpaying.

The firm has analysts or portfolio managers stationed in Hartford, London, Tokyo and Philadelphia.

Minimum account size for separate management is $5 million.

The firm is registered with the SEC.

The client contact is Thomas R. John, vice president-investment sales.

Citicorp Investment Management

Hudson House, 2-10 Tavistock St., London WC2E 7PE, England; (011) 44-1-438-0821

Total assets managed	$25,000 million
Tax-exempt assets managed:	
Total	$21,500 million
Invested overseas	$300 million

Citicorp Investment Management managed $300 million in international accounts for 70 U.S. tax-exempt clients. Of that, $230 million was in foreign stocks, $63 million in foreign bonds and $7 million in cash equivalents.

The equity assets were committed most heavily to Japan, 43%; the United Kingdom, 11%; Germany, 11%; Canada, 6%; and Hong Kong, 4%.

In addition, the firm managed $40 million for foreign pension funds.

The firm uses active management with a growth orientation. Portfolios are diversified, with specialization in growth stocks. Stock selection is regionalized for day-to-day decisions with specialists in Europe and the Far East. Asset allocation is controlled centrally.

Analysts and portfolio managers are stationed in London, New York and Hong Kong.

Of the $300 million invested abroad, $200 million is in commingled accounts. Minimum account size for separate management is $5 million.

Clients include Consolidated Edison, Alaska Public Employees, Alaska Teachers and Army & Air Force Exchange Service.

The client contact is Anthony Watson, chief investment officer.

Credit Suisse First Boston (Asset Management) Ltd.

22 Bishopsgate, London, EC2N 4BQ, England; (01) 634-3000

Total assets managed	0

Credit Suisse First Boston Ltd., which registered with the SEC in March, has no assets under management.

The firm is mainly an international bond and cash equivalent manager. It believes prudent diversification of fixed-income portfolios through non-U.S. capital markets can result in higher total returns and lower volatility. The firm specializes in multicurrency bond diversification for pension plans and the management of cash and cash equivalents globally for the treasury department of U.S. multinational corporations and banks.

Minimum account size for separate management is $10 million.

The firm has analysts or portfolio managers stationed in London, New York, Frankfurt, Geneva, Zurich, Singapore and Tokyo.

The client contact is Michael J.W. Daley.

John M. Cunningham Inc.

150 Strafford Ave., Suite 208, Wayne, Pa. 19087; (215) 687-5060

Total assets managed	$13 million
Tax-exempt assets managed:	
Total	$7 million
Invested overseas	$1 million

John M. Cunningham managed $1 million abroad for 10 U.S. tax-exempt

Results

Since 1980, an increasing number of premier U.S. institutional clients have been turning to Mellon-Pictet for active international portfolio management.

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Mellon-Pictet International Management, Ltd.
Cutlers Gardens, 5 Devonshire Square
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Rod Hearn, Vice President
Mellon-Pictet International Management, Ltd.
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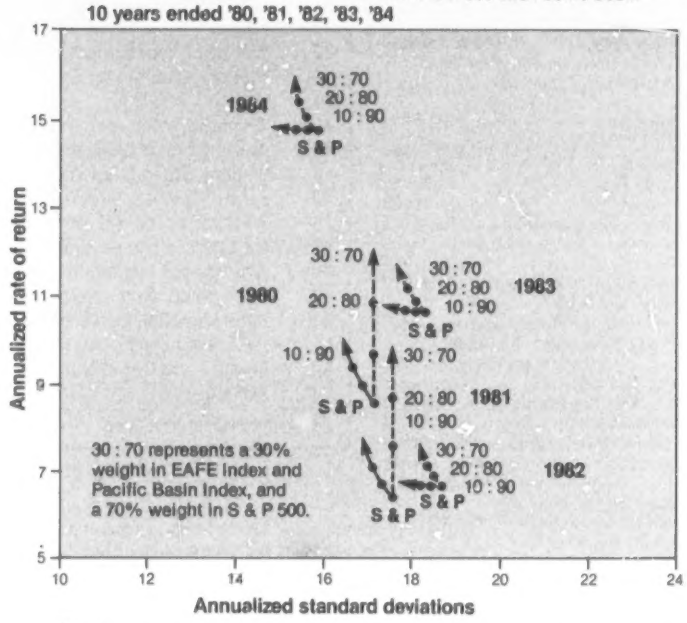
Combinations of Assets ——For S & P 500 and EAFE
----For S & P 500 and Pacific Basin
10 years ended '80, '81, '82, '83, '84



Source
*Returns and statistics calculated by Frank Russell International based on information provided by Capital International and Standard & Poors Corporation.

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MASATOSHI MINAMI
PRESIDENT, (212) 912-6484

*Registered investment adviser under the Investment Advisers Act of 1940.

clients as of March 31.

The firm invests in stocks that have at least 10% growth in earnings and dividends. The issues must trade in the United States and be for companies that provide products to world markets. It looks for value and relative strength vs. domestic issues.

Minimum account size for separate management is $1 million.

The firm is registered with the SEC.

The client contact is John M. Cunningham, president.

Martin Currie Inc./Martin Currie

29 Charlotte Square, Edinburgh, Scotland EH2 4HA; (011) 44-31-225-3811

Total assets managed	$900 million
Tax-exempt assets managed:	
Total	$107 million
Invested overseas	$82 million

Martin Currie Inc., a subsidiary of Martin Currie & Co., managed $82 million overseas for five U.S. tax-exempt clients as of March 31. Of that, $78 million was in foreign stocks and $4 million in cash equivalents.

As of March 31, $44 million was invested in international accounts. The equity assets in those accounts were committed most heavily to Japan, 32%; the United Kingdom, 16%; the Netherlands, 15%; Germany, 14%; and Canada, 9%.

The remaining $63 million was in global accounts. The equity assets in those accounts were committed most heavily to the United States, 35%; Japan, 25%; Germany, 10%; the United Kingdom, 9%; and the Netherlands, 7%.

The investment process is in two stages: the selection of markets using various screens, particularly a currency screen, and the selection of stocks where other screens are employed, qualitative and quantitative. The two major markets, Japan and the United Kingdom, are always featured in portfolios.

Minimum account size for separate management is $10 million.

The firm is registered with the SEC.

The client contacts are David Skinner and Michael Kennedy.

d

Daiwa International Capital Management Corp.

1 Liberty Plaza, New York, N.Y. 10006; (212) 732-6600

Total assets managed	$5,181 million
Tax-exempt assets managed:	
Total	$150 million
Invested overseas	$150 million

Daiwa International Capital Management Corp., subsidiary of Daiwa International Capital Management Co. Ltd., managed $150 million in international accounts for six tax-exempt U.S. clients. Of that, $140 million was in foreign stocks and $10 million in foreign bonds.

The equity assets ware committed most heavily to Japan, 97.5%; Australia, 1.9%; and Singapore, 0.6%.

The firm managed $187.5 million for foreign pension funds.

Daiwa is a research-oriented, active manager, seeking incremental returns from equity investments in the international markets. The stock selection process focuses on a company's long-term growth potential and the relative value of its stock price.

Analysts and portfolio managers are stationed in Tokyo and London.

Of the $150 million invested abroad, $7 million was in commingled accounts. Minimum account size for separate management is $5 million.

Daiwa is registered with the SEC.

Clients include United Technologies, GM, Frank Russell Trust and Oregon.

The client contact is Michael J. Bonner, senior vice president.

The annual Directory of Cash Management Services will be published in the July 22 issue.

f

Fidelity International Investment Advisors

68 Devonshire St., Boston, Mass. 02109; (617) 570-6330

Total assets managed	$1,260 million
Tax-exempt assets managed:	
Total	$1,075 million
Invested overseas	$1,000 million

Fidelity International Investment Advisors managed $1 billion in international and global accounts for U.S. tax-exempt clients as of March 31. Of that $950 million was in foreign stocks and $50 million in cash equivalents.

The international accounts totaled $850 million. The equity assets in those accounts were committed most heavily to Japan, Germany, the United Kingdom, Hong Kong, the Netherlands and France.

The global accounts, all equity, totaled $150 million. Those holdings were invested in the United States, Japan, the United Kingdom and the Netherlands.

Of the tax-exempt assets invested abroad, $70 million was in commingled accounts.

The firm takes an active asset allocation approach based on a top-down economic and political outlook. Portfolio managers in regional offices — London, Hong Kong, Tokyo and Boston — select securities within the country. Country allocation decisions are made by the investment policy committee.

Minimum account size for separate management is $20 million.

The firm is registered with the SEC.

Clients include IBM, Amoco and GTE.

The client contact is William B. Fink, vice president.

Fiduciary Trust of New York

2 World Trade Center, New York, N.Y. 10048; (212) 466-4100

Total assets managed	$8,490 million
Tax-exempt assets managed:	
Total	$2,900 million
Invested overseas	$100 million

Fiduciary Trust Co. managed $100 million in international and global accounts for 10 U.S. tax-exempt clients as of Dec. 31, 1984. Of that, $81 million was in foreign stocks, and $19 million was in foreign bonds.

International investments accounted for $64 million, with the equity assets being committed most heavily to Japan, 44%; Germany, 11%; the United Kingdom, 8%; the Netherlands, 8%; and Switzerland, 7%.

Global investments accounted for $36 million, with the equity assets being committed most heavily to the United States 48%; Japan, 22%; Germany, 7%; the Netherlands, 4%; and Switzerland, 4%.

Of the assets invested abroad, $2 million was in commingled accounts.

The firm also had $145 million invested for foreign pension funds.

Fiduciary Trust's investment philosophy employs balanced global asset allocation. It is risk-and-return oriented with a top-down/bottom-up approach to international markets emphasizing a worldwide economic outlook and careful stock selection. Major portfolios are broadly diversified, with a core approach.

It has analysts or portfolio managers stationed in New York, London, Los Angeles and Geneva.

Minimum account size for separate management is $3 million.

The client contact is George J. Mullen Jr., senior vice president.

First Chicago Investment Advisors

3 First National Plaza, Chicago, Ill. 60670; (312) 732-6400

Total assets managed	$6,520 million
Tax-exempt assets managed:	
Total	$6,437 million
Invested overseas	$342 million

First Chicago Investment Advisors, a subsidiary of First Chicago Corp., managed $342 million in international accounts for 68 tax-exempt U.S. clients. Of that, $111.5 million was invested in foreign stocks, $208.7 million in foreign bonds and $21.5 million in cash equivalents.

The equity assets were committed most heavily to Japan, 39.8%; the United Kingdom, 13.6%; Germany, 9.4%; Canada, 5.2%; and Switzerland, 4%.

The firm is an active manager of diversified international portfolios. The firm uses internally developed valuation models, risk systems and other quantitative techniques in a structured decision process. The equity approach is value-oriented and identifies mispriced markets and securities. Fixed income is treated as a separate asset class, with interest rate and currency forecasts integrated into strategic forecasts.

Of the $342 million invested abroad, $228 million was in commingled accounts. Minimum account size for separate management is $1 million.

Analysts and portfolio managers are stationed in London and Chicago.

Clients include Ameritech, Chicago Police, Honeywell and Schering-Plough.

The client contact is Richard C. Carr, managing director.

International investment advisers ranked by new business

Rank	Firm	($ mil.)
1.	Templeton Group	$307.0
2.	Batterymarch Financial Mgt.*	268.0
3.	N.M. Rothschild Intl. Asset Mgt.	264.0
4.	Capital Guardian Trust Co.	224.3
5.	Morgan Grenfell Investment Services Ltd.	177.0
6.	Mellon-Pictet Intl. Mgt. Ltd.	130.0
7.	First Chicago Investment Advisors	121.5
8.	Schroder Capital Mgt. Intl.	105.0
9.	Travelers Hill Samuel Intl. Ltd.	72.5
10.	Fidelity Intl. Investment Advs.	65.0
11.	IDS/Gartmore Intl. Inc.	64.4
12.	G.T. Capital Mgt. Inc.	54.8
13.	Baring Intl. Investment Ltd.	47.6
14.	Barclays Investment Mgt. Ltd.	46.5
15.	Nikko-Charterhouse J. Rothschild	43.0
16.	Putnam International Advisors	42.7
17.	Citicorp Investment Mgt.	40.0
18.	Frank Russell Trust Co.	36.2
19.	Kemper-Murray Johnstone Intl.	30.0
20.	Walter Scott International Ltd.	30.0
21.	Chase Investors Mgt. Corp.	26.0
22.	Alliance Capital Mgt. Intl. Inc.	25.0
23.	Capital Mgt. Intl.	25.0
24.	BAIMCO International Ltd.	23.0
25.	Wertheim-Philippe Intl.	21.5
26.	SBC Portfolio Mgt. Intl.	21.0
27.	Martin Currie Inc./Martin Currie	17.0
28.	Daiwa International Capital Mgt. Corp.	16.5
29.	Scudder, Stevens & Clark	15.0
30.	Prudential Asset Mgt. Co.	14.6
31.	Julius Baer Investment Mgt. Co.	12.9
32.	American Express Asset Mgt.	12.0
33.	Centerre Trust Co. of St. Louis	11.6
34.	The Spangler Group Inc.	11.0
35.	Aetna Montagu Asset Mgt.	10.0
36.	Alexander, Scriver & Assoc. Inc.	10.0
37.	State Street Bank and Trust Co.	10.0
38.	Warburg Investment Mgt. Intl. Inc.	10.0
39.	Yamaichi Capital Mgt. Inc.	8.0
40.	Nomura Capital Mgt. Inc.	7.0
41.	CIGNA	5.5
42.	Wellington Management Co./T.D.P.&L.	5.4
43.	Arnhold and S. Bleichroeder Intl.	5.0
44.	Laidlaw Capital Mgt. Inc.	5.0
45.	Brown Brothers Harriman & Co.	4.8
46.	BT Investment Mgt. Ltd.	3.0
47.	CB International Investments Ltd.	2.0
48.	Wardley Marine Intl. Invest. Mgt.	2.0
49.	The Toledo Trust Co.	1.6
50.	American Natl. Bank & Trust Co./Chi.	1.1
51.	First Investors Equity Mgt. Co.	1.0
52.	Foreign and Colonial Asset Mgt.	0.3
	TOTAL	**$2,513.3**

* includes The Vanguard Group assets

First Investors Equity Management Co.

120 Wall St., New York, N.Y. 10005; (212) 208-6026

Total assets managed	$180 million
Tax-exempt assets managed:	
Total	$4 million
Invested overseas	$1 million

First Investors Equity Management, a subsidiary of First Investors Consolidated Corp., managed $1 million in global accounts for two tax-exempt U.S. clients as of March 31. All of the assets were in foreign stocks.

The equity assets were most heavily committed to the United States, 20%; Canada, 17%; Hong Kong, 11.4%; and Israel, 11%.

First Investors is a value-oriented investor seeking stocks selling at a substantial discount to their intrinsic value.

It uses a contrarian, top-down strategy to locate markets, industries and securities capable of outperforming general market trends.

Analysts and portfolio managers are stationed in New York.

Minimum account size for separate management is $1 million.

First Investors is registered with the SEC.

The client contact is F. Allen Dudley, vice president.

Foreign and Colonial Asset Management

45 Wall St., New York, N.Y. 10005; (212) 806-4480

Total assets managed	$1,800 million
Tax-exempt assets managed:	
Total	$11.5 million
Invested overseas	$11.5 million

Foreign and Colonial Asset Management managed $11.5 million in international accounts for eight tax-exempt U.S. clients as of March 31. All of the assets were in commingled accounts, with $10.6 million in foreign stocks and $900,000 in cash equivalents.

The equity assets were committed most heavily to Japan, 32%; the United Kingdom, 20%; the Netherlands, 14%; Australia, 7%; and Switzerland, 5%.

In addition, the firm managed $300 million for foreign pension funds.

Stock selection is 75% of the firm's investment effort, with economics, country/currency comprising the balance. Companies selling at significant discount to asset value, possessing strong financials, capable of sustaining earnings in expanding markets or enjoying special positions in more stable markets are sought. Sector analysis is key to Japanese stocks.

Minimum account size for separate management is $2 million.

Analysts and portfolio managers are stationed in London.

Foreign and Colonial is registered with the SEC.

Contact John K. Holland, vice president and senior marketing officer.

g

Globe Finlay Inc.

245 Park Ave., New York, N.Y. 10167; (212) 557-7022

Total assets managed	$220 million
Tax-exempt assets managed:	
Total	$66 million
Invested overseas	$66 million

As of March 31, Globe Finlay, a subsidiary of Globe Investment Trust, managed $66 million in international and global accounts for three U.S. tax-exempt clients. Of that, $60 million was invested in foreign stocks and $6 million in cash equivalents.

Of the $66 million invested abroad, $41 million was in international accounts and $25 million was in global accounts.

Globe Finlay concentrates portfolios in stocks and markets where local price earnings multiples are justified by above-average, medium-term growth prospects.

Analysts and portfolio managers are stationed in New York, London, Geneva and Tokyo.

Minimum account size for separate management is $10 million. The firm is registered with the SEC.

The client contact is Ralph Difiore.

Grantham, Mayo, Van Otterloo & Co.

125 High St., Boston, Mass. 02110; (617) 574-4817

Total assets managed	$1,330 million
Tax-exempt assets managed:	
Total	$1,132 million
Invested overseas	$569 million

Grantham, Mayo, Van Otterloo & Co. managed $569 million in international accounts for 27 U.S. tax-exempt clients as of March 31. Of that, $558 million was in foreign stocks and $11 million in cash equivalents.

The equity assets in those accounts were committed most heavily to Japan, 20%; United Kingdom, 28%; the Netherlands, 8%; Germany, 8%; and France 5.5%.

Commingled accounts held $130 million of the assets invested abroad; minimum account size for separate management is $25 million.

The firm uses a rigorous value approach seeking low p/e ratios, low price to book ratio, high yield and best

present value. It weighs countries to their relative cheapness.

Minimum account size for separate management is $25 million.

The firm is registered with the SEC.

Clients include the World Bank, Corning Glass, The Common Fund and Scott Paper.

The client contact is Dyan Whelan.

G.T. Capital Management

601 Montgomery St., Suite 1400, San Francisco, Calif. 94111; (415) 392-6181

Total assets managed	$1,000 million
Tax-exempt assets managed:	
Total	$658 million
Invested overseas	$658 million

G.T. Capital Management Inc. managed $658 million in international and global accounts for 17 clients as of March 31, all of it in foreign stocks.

The equity portion of the $595 million in international accounts was committed most heavily to Japan, 47%; Europe, 24%; the United Kingdom, 15%; Hong Kong, 8%; and Australia, 6%.

The $63 million in global accounts was most heavily invested in the United States, 50%; Japan, 21%; Europe, 13%; United Kingdom, 6%; and Hong Kong 5%.

G.T.'s investment philosophy of global growth investing combines a top-down approach to geographic asset allocation (growth economies) with a bottom-up approach to security selection (growth companies).

The firm has analysts or portfolio managers stationed in London, Hong Kong, Tokyo, San Francisco and Menlo Park, Calif.

Minimum account size for separate management is $15 million. The firm is registered with the SEC.

Clients include IBM, GM, AT&T and GTE.

The client contact is Mary Lou Bernhoft, vice president-marketing and client services.

h

Thomas J. Herzfeld Advisors

7800 Red Road, South Miami, Fla. 33143; (305) 665-6500

Total assets managed	$85 million
Tax-exempt assets managed:	
Total	$60 million
Invested overseas	$20 million

Thomas J. Herzfeld Advisors Inc. had invested $20 million in closed-end funds in the United Kingdom and Canada for six U.S. tax-exempt clients as of March 31.

The investment emphasis is focused on market timing, portfolio evaluation of individual funds and intensive analysis of the discount from net asset value of the closed-end funds.

Clients include Allied and Owens-Illinois. The firm is registered with the SEC.

Thomas J. Herzfeld is the client contact.

HT Investors Inc.

321 S. Main St., Providence, R.I. 02903; (401) 276-6100

Total assets managed	$800 million
Tax-exempt assets managed:	
Total	$800 million
Invested overseas	$5 million

HT Investors, a subsidiary of RIHT Financial Corp., managed $5 million in international accounts for 15 tax-exempt U.S. clients as of March 31. All of the assets were in foreign stocks.

The assets were committed most heavily to Japan, 24.6%; the United Kingdom, 18.2%; Germany, 10.7%; the Netherlands, 1.2%; and Hong Kong, 5.8%.

In addition, the firm managed $5 million in foreign pension funds.

For fixed-income, the firm uses a rigid top-down approach. For equity, a bottom-up approach emphasizing growth and value is used.

Analysts and portfolio managers are stationed in Providence.

All of the assets invested abroad were in commingled accounts. Minimum account size for separate mangement is $5 million.

The firm is registered with the SEC.

Clients include Providence Journal, Providence Gravure, Bradley Hospital and Ballou.

The client contacts are Brian H. Guck, senior vice president, at (401) 278-8899, and Richard Fitts at (401) 276-5188.

i

IDS/Gartmore International

3100 IDS Tower, Minneapolis, Minn. 55474; (612) 372-1335

Total assets managed	$89 million
Tax-exempt assets managed	
Total	$75 million
Invested overseas	$75 million

IDS/Gartmore International Inc., a subsidiary of IDS Financial Services Inc., managed $74.7 million in international and global accounts for 10 U.S. tax-exempt clients as of March 31. Of that, $72.5 million was in foreign stocks and $2.2 million in cash equivalents.

As of March 31, $47.8 million was invested in international accounts. The equity assets in those accounts were committed most heavily to Japan, 46%; Hong Kong, 17%; the Netherlands, 13%; Germany, 10%; Switzerland, 5%.

The remaining $26.9 million was in global accounts. The equity assets in those accounts were committed most heavily to Japan, 38%; the United States, 20%; Hong Kong, 16%; Germany, 9%; and the Netherlands, 8%.

Of the assets invested abroad, $26.3 million was in commingled accounts. Minimum account size for separate management is $10 million.

IDS/Gartmore International's active management style employs both a top-down and bottom-up approach. The blend allows decisions in one area to transmit through to another, thereby creating the flexibility and awareness necessary in international investment management.

The firm has analysts or portfolio managers in London.

The firm is registered with the SEC.

Clients include Finch Pryun, Lear Siegler, Honeywell and Allegheny.

The client contact is Cheryl K. Gruetzmacher, vice president.

Ivory & Sime International

39 Main St., Chatham, N.J. 07928; (201) 635-6700

Total assets managed	$101 million
Tax-exempt assets managed:	
Total	$101 million
Invested overseas	$90 million

Ivory & Sime International Inc. managed $90 million in both international and global accounts for four U.S. tax exempt clients as of March 31.

Of the $90 million, $73 million was invested in international accounts and $17 million in global accounts.

Equity assets in the international accounts were committed most heavily to Japan, 50%; the Netherlands, 12%; Germany, 8%; the United Kingdom, 8%; and Hong Kong, 7%.

The global accounts were weighed most heavily in the United States, 37%; Japan, 31%; the United Kingdom, 7%; Hong Kong, 6%; and the Netherlands, 3%.

For investment abroad, the firm takes a long-term, fundamental, research-driven approach with primary emphasis on stock selection and on identifying superior companies in a global context.

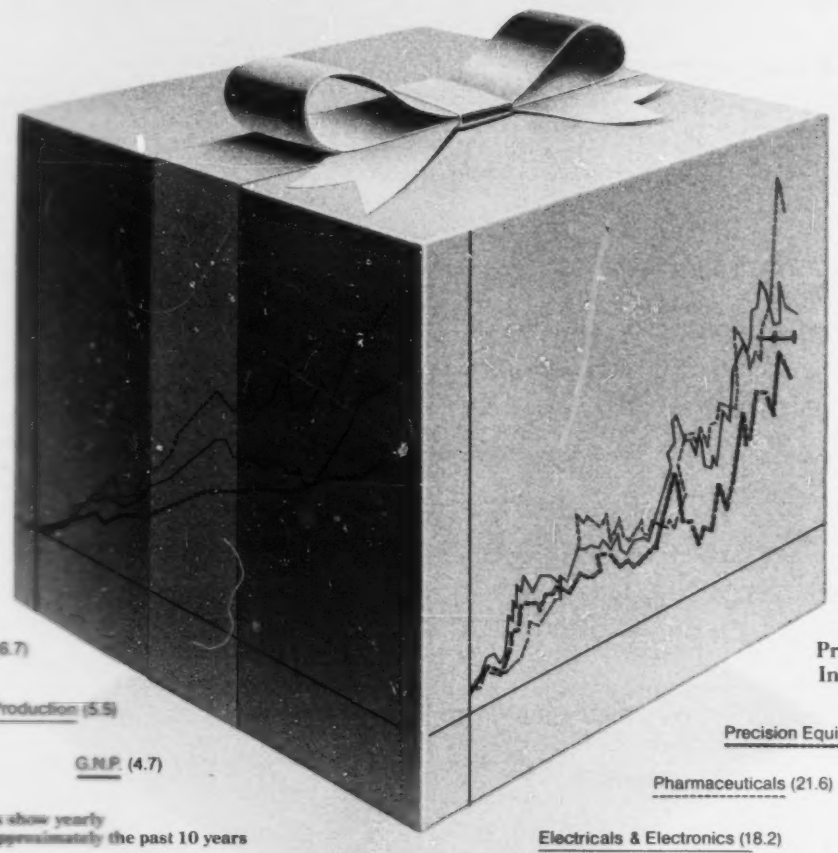
Minimum account size for separate management is $5 million.

It is registered with the SEC.

The client contact is Keith H. Wood, president.

Pensions & Investment Age's annual directory of real estate advisory firms will be published in the Sept. 16 issue.

THE JAPAN PACKAGE



Figures in parentheses show yearly growth rates for approximately the past 10 years

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j

James Investment Research
P.O. Box 8, Alpha, Ohio 45301; (513) 426-7640

Total assets managed	$120 million
Tax-exempt assets managed:	
Total	$88 million
Invested overseas	$5 million

James Investment Research Inc. managed $5 million in international equities for 45 U.S. tax-exempt clients.

The equity assets in those accounts were committed most heavily to Japan, the United Kingdom, Canada, France and Germany.

The firm emphasizes fund appreciation with determined preservation of capital. In addition to capital preservation, the firm uses a variety of statistical approaches to attain income and capital growth for clients.

Of the assets invested abroad, $900,000 was in commingled accounts. Minimum account size for separate management is $1 million.

The firm has analysts or portfolio managers stationed in Dayton, Ohio.

The firm is registered with the SEC.

The client contact is Linda S. Parenti, assistant to the president.

k

Kangyo Kakumaru Capital Management Corp.
1 State Street Plaza, New York, New York, 10004; (212) 509-4661

Total assets managed	$60 million
Tax-exempt assets managed:	
Total	0

Kangyo Kakumaru Capital Management Corp. did not have any U.S. tax-exempt assets under management as of March 31.

Minimum account size for separate management is $1 million.

The firm uses a top-down investment approach in which a country's macroeconomic situation is given first consideration. That is followed by an analysis of separate industries and then an examination of individual issues. The growth rate of a company's earnings per share and relative price earnings ratio are emphasized.

It is registered with the SEC.

Analysts or portfolio managers are stationed in San Francisco and Tokyo.

Client contact is Keiji Wada, president.

Kemper-Murray Johnstone International
120 S. LaSalle St., Chicago, Ill. 60603; (312) 845-1880

Total assets managed	$224 million
Tax-exempt assets managed:	
Total	$189 million
Invested overseas	$189 million

Kemper-Murray Johnstone International managed $189 million in international accounts for 20 U.S. tax-exempt clients as of March 31. Of that, $71 million was in foreign stocks and $118 million in foreign bonds.

The equity assets in those accounts were committed most heavily to Japan, 35%; the United Kingdom, 18%; Germany, 8%; Switzerland, 8%; and Hong Kong, 6%.

The firm uses a rigorous security selection of companies that are about to enter a superior growth phase. Its approach uses transnational industry analysis.

Of the assets invested abroad, $5 million was in commingled accounts. Minimum account size for separate management is $5 million.

The firm has analysts or portfolio managers stationed in Glasgow, Scotland, and Chicago.

The firm is registered with the SEC.

Clients include the Hallmark Foundation, Seven Continents Insurance, Cessna and Pillsbury.

The client contact is Gavin Dobson.

Kleinwort Benson International Investment
100 Wall St., New York, N.Y. 10005; (212) 747-0440

Total assets managed	$255 million
Tax-exempt assets managed:	
Total	$233 million
Invested overseas	$233 million

Kleinwort Benson International Investment Ltd., a subsidiary of Kleinwort Benson Ltd., managed $233 million in international accounts for 12 U.S. tax-exempt clients. Of that, $182 million was in foreign stocks, $41 million was in foreign bonds and $10 million in cash equivalents.

The equity assets in those accounts were committed most heavily to Japan, 23%; the United Kingdom, 15%; the Netherlands, 12%; Germany, 9%; and Hong Kong, 5%.

The firm emphasizes stock selection and places primary emphasis on purchasing undervalued growth stocks, although cyclical stocks are included from time to time. While this process is applied consistently on a worldwide basis, there are broader country guidelines so the portfolio is not overexposed in any given area.

The firm has analysts or portfolio managers stationed in London, Brussels, Geneva, Hong Kong, Tokyo and Melbourne.

Minimum fee $25,000.

The firm is registered with the SEC.

Clients include Allied, GM, Unocal and R.K. Mellon Foundation.

The client contact is Donald Hurley Jr., director.

l

Laidlaw Capital Management
275 Madison Ave., New York, N.Y. 10016; (212) 210-5707

Total assets managed	$620 million
Tax-exempt assets managed:	
Total	$440 million
Invested overseas	$10 million

Laidlaw Capital managed $10 million in global accounts for five tax-exempt clients as of March 31. Of this, $3 million was in foreign stocks and $7 million was in foreign bonds.

In order of weighting, equity assets in the international accounts were as follows: Japan, Canada, England, the Netherlands and the United States.

Minimum account size for separate management is $250,000.

The firm's foreign investment philosophy for U.S. tax-exempt clients revolves around value oriented equities combined with cash flow management through the use of debt vehicles.

It is registered with the SEC.

Client contact is Walter LeRoy Twiste.

Lombard Odier International Portfolio Management Ltd.
Portland House, 72-73 Basinghall St., London, EC2V 5PB, England (01) 606-9811

Total assets managed	$667 million
Tax-exempt assets managed:	
Total	$132 million
Invested overseas	$132 million

Lombard Odier managed $132 million in international and global accounts for three U.S. tax-exempt clients.

Of the tax-exempt assets invested abroad, $98.2 million was for international accounts and $33.8 million was for global accounts.

The equity assets in the international accounts were committed most heavily to Japan, 44.2%; the United Kingdom, 10.5%; Hong Kong, 8.2%; Germany, 6.6%; and France 5.9%.

Lombard Odier seeks to invest in equity sectors with above-average growth potential. Its large internal research unit identifies companies with the financial dynamism and management expertise to maximize real growth over time.

The firm has analysts or portfolio managers stationed in London and Geneva.

Minimum account size for separate management is $5 million. The firm is registered with the SEC.

Clients include American Can, Lockheed and IBM.

The client contact is Millar Law, marketing director and senior investment manager.

m

Markston International Inc.
405 Fifth Ave., New York, N.Y. 10018; (212) 947-5450

Total assets managed	$274 million
Tax-exempt assets managed:	
Total	$144 million
Invested overseas	$1 million

Markston International, through a commingled fund, managed $1.3 million abroad — all in stocks — for one U.S. tax-exempt client as of March 31.

The firm tries to buy value with a catalyst present in the stock that will help realize that value. Typical examples of what it buys include undervalued securities that often are underresearched, undergoing insider buying, shares repurchase, restructuring and/or large earnings gains.

Minimum account size for separate management is $5 million.

The firm is registered with the SEC.

The client contacts are Michael J. Mullarkey and John R. Stone.

Mellon-Pictet International Management Ltd.
Cutlers Gardens, 5 Devonshire Square, London, EC2M 4LD; (011) 441-283-7471

Total assets managed	$400 million
Tax-exempt assets managed:	
Total	$250 million
Invested overseas	$250 million

Mellon-Pictet managed $250 million in international accounts for 12 tax-exempt U.S. clients as of March 31. Of this, $240 million was in foreign stocks and $10 million was in foreign cash equivalents.

The entire $250 million is invested internationally. Equity assets were committed most heavily to Japan, 40%; the Netherlands, 12%; the United Kingdom, 10%; Hong Kong, 10%; and France, 8%.

International commingled accounts hold $13 million. Minimum account size for separate management is $5 million.

Mellon-Pictet employs an active asset allocation technique among markets and currencies. There is active stock selection with all investments for all accounts in each market, which is managed by the specialist for that market. Aggressiveness (i.e. degree of concentration) is systematically tailored for each client's needs.

The firm is registered with the SEC.

Analysts and portfolio managers are stationed in Geneva, London and Tokyo.

Clients include GM, Honeywell, Transco and the R.K. Mellon Glenmede Trust. The contact is Dan H. Blank, president.

J.P. Morgan Investment Management Inc.
30 Throgmorton St., London EC2N 2DT; (011) 441-600-2300

Total assets managed	$5.488 million
Tax-exempt assets managed:	
Total	$2.185 million
Invested overseas	$2.185 million

J.P. Morgan Investment managed $2.2 billion in international and global accounts for 33 U.S. tax-exempt clients as of March 31. Of that, $1.7 billion was in foreign stocks, $390 million was in foreign bonds and $59 million was in cash equivalents.

The firm managed $1.9 billion for international accounts and $334 million for global accounts.

The equity assets in international accounts were committed most heavily to Japan, 40%; Germany, 22%; the United Kingdom, 13%; Switzerland, 5%; and Hong Kong, 4%.

The equity assets for the global accounts were committed most heavily to the United States, 32%; Japan, 15%; Germany, 9%; United Kingdom, 7%; and Hong Kong, 4%.

Of the assets invested abroad, $986 million was in commingled accounts. Minimum account size for separate management is $10 million.

For international investments, the firm constructs the optimal portfolio by integrating global macro and micro research done by Morgan's team of multinational analysts combined with portfolio managers' knowledge and clients' objectives. The firm focuses on security, market and currency selection aiming to enhance portfolio value by decision in each of those areas.

There are analysts or portfolio managers stationed in London, Tokyo and Singapore.

The firm is registered with the SEC.

The client contact is Nicola R. Ozanne, assistant vice president.

Morgan Grenfell Investment Services Ltd.
72 London Wall, London, EC2M 5NH, England; (01) 588-4545

Total assets managed	$1.426 million
Tax-exempt assets managed:	
Total	$1.218 million
Invested overseas	$1.218 million

Morgan Grenfell managed $1.2 billion in international and global accounts for 44 U.S. tax-exempt clients as of March 31. Of that, $1.1 billion was in foreign stocks, $47 million in foreign bonds, and $40 million in cash equivalents.

The equity assets in the $1.1 billion international accounts were committed most heavily to Japan, 45%; the United Kingdom, 15%; Germany, 10%; the Netherlands, 6%; and Australia, 5%.

The equity assets in the global accounts were committed most heavily to the United States, 51%; Japan, 17%; United Kingdom, 8%; France, 6%; and Germany, 4%.

The firm's overseas investment philosophy is an active, global one. It emphasizes both market and stock selection decisions, and no investment is made without first considering the currency impact.

Minimum account size for separate management is $15 million.

The firm has analysts or portfolio managers stationed in London, Tokyo, Geneva, Sydney and Singapore.

The firm is registered with the SEC.

Clients include Allied, GM, the Rockefeller Foundation and Exxon.

The client contact is Elliott M. Gartner, director.

n

New Japan Capital Management (U.S.A.) Inc.
1 World Trade Center, Suite 4959, New York, N.Y. 10048; (212) 938-5602

Total assets managed	$526 million
Tax-exempt assets managed:	
Total	0

New Japan Capital Management (U.S.A.) Inc., a subsidiary of New Japan Capital Management Co. Ltd., had no U.S. tax-exempt assets under

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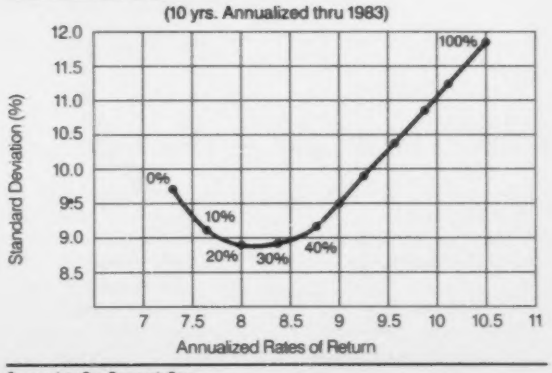

Source: InterSec Research Corp.

Jay A. Dirnberger, Managing Director
JULIUS BAER INVESTMENT MANAGEMENT INC.

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330 MADISON AVENUE
NEW YORK, N.Y. 10017
(212) 949-9055

London (Branch)
3 LOMBARD STREET
LONDON EC3V 9ER
(01) 623-4211

management as of March 31.

New Japan Capital takes a top-down and bottom-up approach to investments. Equities are placed — according to growth potential, industry leadership, capitalization, beta and p/e ratio — in one of three categories: growth, emerging growth and cyclical. Computer-aided, optimal portfolios are constructed to suit client preferences.

Minimum account size for separate management is $1 million.

Analysts and portfolio managers are stationed in Tokyo.

It is registered with the SEC.

The client contact is Hiroshi Takahashi, senior vice president.

Newport Pacific Management

500 Sansome St., Suite 810, San Francisco, Calif. 94111; (415) 781-5801

Total assets managed	$8 million
Tax-exempt assets managed:	
Total	$2 million
Invested overseas	$0.5 million

Newport Pacific Management, a subsidiary of Newport International Management Ltd., managed $500,000 in international, commingled accounts for one U.S. tax-exempt client, all in foreign stocks.

The assets were most heavily committed to Japan, 60%, and Hong Kong, 30%.

The firm uses a top-down approach with emphasis on the Far East and growth companies.

Minimum account size for separate management is $1 million.

The firm is registered with the SEC.

The client contact is John M. Mussey.

Nikko-Charterhouse J. Rothschild Capital Management Co. Inc.

350 Park Ave., New York, N.Y. 10022; (212) 319-2730

Total assets managed	$148 million
Tax-exempt assets managed:	
Total	$82 million
Invested overseas	$82 million

Nikko-Charterhouse J. Rothschild Capital Management, a subsidiary of Nikko International Capital Management Co. Ltd. and J. Rothschild Holdings, managed $82 million in international accounts for six U.S. tax-exempt clients as of March 31. Of that, $60 million was in foreign stocks and $22 million in cash equivalents.

Equity assets were committed most heavily to Japan, 65%; Hong Kong, 13%; and Australia, 2%.

Nikko-CJR is an active equity manager for the Pacific Basin area, extending its capabilities to global markets. A wide range of small- to large-cap stocks with above-average earnings growth potential are systematically searched for. For fixed-income management, the firm applies macroeconomic analysis on a per-country basis including currencies, interest rates, credit risk, quality and maturity factors.

Minimum account size for separate management is $5 million.

Analysts and portfolio managers are stationed in Tokyo, London, New York, Hong Kong, Paris, Frankfurt and Zurich.

It is registered with the SEC.

Clients include UAL, Eli Lilly, Pacific Lighting and Frank Russell Trust.

The client contact is Tetsuya Murakami, (212) 319-2738.

Nomura Capital Management

180 Maiden Lane, Suite 3703, New York, N.Y. 10038; (212) 509-8181

Total assets managed	$337 million
Tax-exempt assets managed:	
Total	$235 million
Invested overseas	$235 million

Nomura Capital Management Inc. managed $235 million in international accounts for nine U.S. tax-exempt clients as of March 31. Of that, $205 million was in foreign stocks and $30 million in cash equivalents. Equity assets were committed most heavily to Japan, 80%; Australia, 4.1%; Singapore, 1.9%; Hong Kong, 1.1%.

The firm offers active equity management in the Pacific Basin region using original fundamental and economic research with a global perspective to create portfolios through a disciplined valuation process and structured management process. Attention is focused on individual clients' risk parameters.

Minimum account size for separate management is $5 million.

Analysts and portfolio managers are stationed in Tokyo.

The firm is registered with the SEC.

Clients include GE, GM, Hawaii and McDonnell Douglas.

The client contact is Brian X. Fitzgibbon, senior vice president.

P

Paribas Asset Management

30 Rockefeller Center, New York, N.Y. 10020; (212) 408-0951

Total assets managed	$600 million
Tax-exempt assets managed:	
Total	$27 million

Paribas Asset Management Inc. emphasizes an asset mix that overweights some markets and asset categories and underweights others. A top-down systematic and disciplined process focuses on forecasts of major currencies, long-term market returns, short-term investment environment and technical factor trends. Individual bonds are selected by high-quality ratings, satisfactory trading volume, appropriate maturity and coupon attractiveness, and relative yield and protection against early calls.

The firm has analysts or portfolio managers in Paris, Geneva, Brussels, Amsterdam, Tokyo, Singapore, New York and Luxembourg.

It managed $8 million for foreign pension funds.

Minimum account size for separate management is $10 million.

The firm is registered with the SEC.

The client contact is Alain M. Leclair, president, (212) 408-0960.

PCM International

22 Prudential Plaza, Newark, N.J. 07101; (201) 877-7982

Total assets managed	$850 million
Tax-exempt assets managed:	
Total	$420 million
Invested overseas	$420 million

PCM International managed $420 million in commingled accounts for international and global investing for U.S. tax-exempt clients as of March 31.

International accounts totaled $360 million. The equity assets in those accounts were committed most heavily to Germany, 19.5%; Japan, 18.9%; the United Kingdom, 10.9%; and Hong Kong and Italy, 6.4% each.

Global accounts totaled $60 million, all in bonds.

PCM International's equity approach is to identify best-value stocks, buy ones in strong markets and hedge weak currencies. For bonds, it actively manages currency and maturity, staying with government quality.

The firm's analysts and portfolio managers are based in Newark.

Minimum fee is $75,000.

The firm is registered with the SEC.

Clients include Sony, Stanford University and Holly Sugar.

The client contacts are Barry Gillman, managing director, and Jim Gately, senior vice president, at Prudential Asset Management.

Peoples National Bank of Washington

P.O. Box 720, Seattle, Wash. 98111; (206) 344-2353

Total assets managed	$500 million
Tax-exempt assets managed:	
Total	$300 million
Invested overseas	$5 million

Peoples National Bank managed $5 million abroad for U.S. tax-exempt clients as of March 31, using Frank Russell Investment Management Co.'s multimanager, multistyle concept.

Minimum account size for separate management is $250,000.

The client contact is Alan D. Cooledge, corporate trust sales.

Rowe Price-Fleming International Inc.

100 E. Pratt St., Baltimore, Md. 21202; (301) 547-2141

Total assets managed	$1,083 million
Tax-exempt assets managed:	
Total	$868 million
Invested overseas	$868 million

Rowe Price-Fleming International managed $868 million in international and global accounts for 21 U.S. tax-exempt clients as of March 31.

Of the total, $780 million was invested in international accounts, the equity assets of which were committed most heavily to Japan, 43%; the United Kingdom, 16%; the Netherlands, 10%; Germany, 8%; and Hong Kong, 8%.

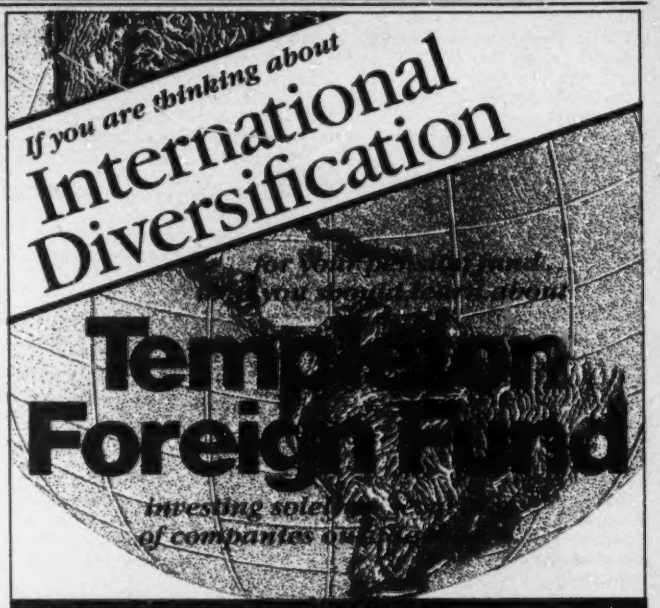
The remaining $88 million was invested in global accounts whose equity assets were committed most heavily to the United States, 30%; Japan, 17%; the United Kingdom, 9%; the Netherlands, 7%; and Germany, 6%.

In its international investments, Rowe Price-Fleming gives maximum attention to the area's key variables: asset allocation, geographical distribution and stock selection. Investment decisions then are based on disciplined analysis of economic, industry and individual company characteristics and trends.

Of the assets invested abroad, $214.5 million was in commingled accounts.

The firm has analysts or portfolio managers stationed in London, Tokyo, Hong Kong, Australia, Kuala Lumpur, Manila and New York.

Minimum account size for separate management is $10 million.



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Affiliated Offices: London, Tokyo, Hong Kong, Singapore, Jersey C.I.
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The firm is registered with the SEC.

Clients include IBM, GM, GTE and The Common Fund.

The client contact is Philippa B. Grant, vice president.

Prudential Asset Management Co.

19 Prudential Plaza, Newark, N.J. 07101; (201) 877-3735

Total assets managed	$35,675 million
Tax-exempt assets managed:	
Total	$35,675 million
Invested overseas	$14.6 million

Prudential Asset Management Co., a subsidiary of The Prudential Insurance Co. of America, managed $14.6 million in international accounts for six tax-exempt U.S. clients, as of March 31. Of that, $11.4 million was invested in foreign stocks and $3.2 million in cash equivalents.

The equity assets were committed most heavily to Japan, 50%; the United Kingdom, 11.6%; Germany, 10%; the Netherlands, 4.7%; and Australia, 3.9%.

All of the assets were invested in the Foreign Stock Index Fund, which tracks the EAFE index.

The minimum fee is $60,000.

Prudential Asset Management is registered with the SEC.

The client contact is Jim Gately, senior vice president.

Putnam International Advisors

1 Post Office Square, Boston, Mass. 02109; (617) 292-1232

Total assets managed	$579 million
Tax-exempt assets managed:	
Total	$251 million
Invested overseas	$251 million

Putnam International Advisors managed $251 million in international and global accounts as of March 31. Of the total, $233.1 was in foreign stocks and $17.5 million was in cash equivalents.

International accounts held $197.8 million. The equity assets of those accounts were committed most heavily to Germany, 19.5%; Japan, 18.9%; the United Kingdom, 10.9%; and Hong Kong and Italy, 6.4% each.

Global accounts totaled $52.8 billion. The equity assets in those accounts were committed most heavily to the United States, 29.5%; Japan, 14.3%; Germany, 12.2%; the United Kingdom, 7.6%; and Hong Kong, 5%.

Putnam International combines top-down and bottom-up analysis with the objective of adding value through market and stock selection. It uses an optimizer as a tool in country selection. Typically, EAFE portfolios are diversified broadly across 12 countries and then limited to 35 to 45 securities.

Of the U.S. tax-exempt assets invested abroad, $57.9 million was in commingled accounts. Minimum account size for separate management is $5 million.

Putnam also managed $72.4 million for foreign pension funds.

The firm is registered with the SEC. It has analysts or portfolio managers in Boston, London and Tokyo.

Clients include Sears, Bethlehem Steel, Scott Paper and Mt. Holyoke.

The client contact is Stephen P. Langer, senior vice president.

R

N. Reitenbach & Co. Inc.

122 E. 42nd St., New York, N.Y. 10168; (212) 713-2086

Total assets managed	0

N. Reitenbach & Co. Inc. had no assets under management as of March 31. It has only recently started looking for investment management clients. In the past, it advised other investment managers on international investment strategies and security selections.

The firm uses a global investment approach with the goal of attaining growth of capital and income with reduced volatility. Investments stress rapidly growing and unique companies. Foreign bonds also are used to contribute to total return. Convertible bond securities are actively used.

The firm's analysts or portfolio managers are in New York.

Minimum account size for separate management is $5 million.

The firm is registered with the SEC.

The client contact is Nicholas Reitenbach.

RepublicBank Dallas

P.O. Box 241, Dallas, Texas 75221; (214) 922-3593

Total assets managed	$6,970 million
Tax-exempt assets managed:	
Total	$4,747 million
Invested overseas	$14 million

RepublicBank, a subsidiary of RepublicBank Corp., managed $14 million in international, commingled accounts for 60 tax-exempt U.S. clients. As of March 31, all assets were in foreign stocks.

The assets were committed most heavily to Japan, 42.6%; the United Kingdom, 21.7%; Germany, 8.9%; France, 6.3%; and Switzerland, 3.9%.

RepublicBank maintains an active approach to markets and currencies as well as to stocks and industries. It believes long-term success lies in proper country and security selection based on earnings and dividend growth. The overall objective is the maximization of return and diversification of risk.

The bank also managed $14 million for foreign pension funds.

Analysts and portfolio managers are stationed in Dallas and Edinburgh.

Minimum account size for separate management is $10 million.

Clients include Ford, Holly and Wyatt Cafeterias.

The client contacts are David J. Pittman, senior vice president and director-trust corporate marketing, and Vida S. Icenogle, vice president and director-investment marketing.

N.M. Rothschild International Asset Management Ltd.

New Court, St. Swithin's Lane, London, England EC4P 4DU; (011) 441-280-5000

Total assets managed	$352 million
Tax-exempt assets managed:	
Total	$346 million
Invested overseas	$315 million

N.M. Rothschild managed $315 million in international and global accounts for nine U.S. tax-exempt clients. Of that, $102 million was invested in foreign stocks, $186 million in foreign bonds and $27 million in cash equivalents.

As of March 31, $280 million was in international accounts. the equity assets of which were committed most heavily to Japan, 49%; Holland, 11%; the United Kingdom, 8.5%; Germany, 8.5%; and France, 7%.

The remaining $35 million was in global accounts whose equity assets were committed mostly in Japan, 51%; Holland, 14%; Germany, 11%; the United Kingdom, 9.5%; and France, 7.5%.

The firm also managed $6 million for foreign pension funds.

N.M. Rothschild aims to add value in currency, market and stock selection. The firm is an active asset allocator and market selector, with an emphasis on concentration in preferred markets.

Minimum account size for separate management is $3 million.

Analysts or portfolio managers are stationed in London, Tokyo, New York, Zurich, Paris, Singapore, Melbourne, Sydney and Kuala Lumpur.

The firm is registered with the SEC.

Clients include GM, American Airlines, RCA and Continental Telecom.

The client contact is James Heyworth-Dunne, vice chairman.

Frank Russell Trust Co.

P.O. Box 1454; Tacoma, Wash. 98401; (206) 572-2282

Total assets managed	$1,722 million
Tax-exempt assets managed:	
Total	$1,722 million
Invested overseas	$93 million

Frank Russell Trust Co., a subsidiary of The Frank Russell Co., managed $93 million in international, commingled accounts for 24 tax-exempt U.S. clients. Of that, $80.8 million was in foreign stocks and $11.8 million in cash equivalents.

The equity assets were committed most heavily to Japan, 27%; Australia, 10%; the United Kingdom, 9%; Canada, 9%; and Germany, 9%.

Frank Russell Trust Co. uses a multimanager, multistyle approach to achieve better long-term investment returns with lower risk. The International I Fund uses three advisers with a global emphasis on (non-U.S.) foreign equities. The International II Fund places emphasis on the Pacific Basin, using four on-site advisers.

There is a $1 million minimum account size for commingled accounts.

Clients include Encyclopaedia Britannica, R.T. French, PACCAR and American Greetings.

The client contact is Paul R. Kaltinick, president.

S

SBC Portfolio Management International Inc.

1 World Trade Center, Suite 8935, New York, N.Y. 10048; (212) 938-7465

Total assets managed	$65 million
Tax-exempt assets managed:	
Total	$25 million
Invested overseas	$13 million

SBC Portfolio Management, a subsidiary of Swiss Bank Corp., managed $13.3 million in international accounts for two tax-exempt U.S. clients as of March 31. Of that, $10 million was in foreign stocks, $300,000 in foreign bonds and $3 million in cash equivalents.

The equity assets were committed most heavily to the United Kingdom, 15%; Japan, 17%; Italy, 9%; Germany, 6%; and the Netherlands, 5%.

SBC uses an active, equity-oriented investment approach emphasizing total return. Top-down decisions precede bottom-up decisions, but both play a major role in decision-making. Its particular strength in economic and currency forecasting, together with its fundamental stock valuation technique, enables it to identify early opportunities.

Analysts and portfolio managers are stationed in New York, Hong Kong, Tokyo, Singapore, Sydney, London and Zurich.

Minimum account size for separate management is $1 million.

The firm is registered with the SEC.

Clients include Gulf & Western, Swissair and Sulzer Brothers.

The client contact is John W. Conlin, marketing director.

Schroder Capital Management International

1 State St., New York, N.Y. 10004; (212) 269-6500

Total assets managed	$575 million
Tax-exempt assets managed:	
Total	$435 million
Invested overseas	$435 million

Schroder Capital Management, a subsidiary of Schroders PLC, managed $435 million in international and global accounts for 13 tax-exempt U.S. clients. Of that, $420 million was in foreign stocks and $15 million was in cash equivalents.

As of March 31, $372 million was invested in international accounts, the equity assets of which were committed most heavily to Japan, 38%; the United Kingdom, 17%; Germany, 11%; the Netherlands, 10%; and France, 6%.

The remaining $63 million was invested in global accounts whose equity assets were committed most heavily to Japan, 35%; the United Kingdom, 18%; Germany, 12%; the Netherlands, 14%; and Italy, 3%.

Country allocations begin Schroder's investment process, with emphasis on stock selection in countries with the best economic prospects. Broad guidelines for country investment are based on two-year economic projections in order to quantify longer-term market opportunities. Within these guidelines, the current asset allocation decision is determined based on shorter term market considerations.

Distinctively emerging growth stocks make up the core of Schroder portfolios. Small to medium companies with an identified sustainable competitive advantage are frequently chosen.

The firm also managed $140 million for foreign pension funds.

Analysts and portfolio managers are stationed in London, New York, Zurich, Tokyo, Hong Kong, Singapore and Sydney.

Minimum account size for separate management is $5 million. Schroders is registered with the SEC.

Clients include GM, Sears and PPG.

The client contact is Sharon L. Haugh, first vice president/director of international marketing.

Walter Scott International

9 Great Stuart St., Edinburgh, Scotland EH3 7TP; (031) 225-9211

Total assets managed	$30 million
Tax-exempt assets managed:	
Total	$30 million
Invested overseas	$30 million

Walter Scott International Ltd., a subsidiary of Walter Scott & Partners/First Interstate Investment Services Inc., managed $30 million in international and global accounts for three U.S. tax-exempt clients. All of the assets were in foreign stocks.

As of March 31, $25 million was invested in international accounts, the equity assets of which were committed most heavily to Japan, 60%; Hong Kong, 18%; the United Kingdom, 12%; Denmark, 3%; and France, 3%.

The remaining $5 million was in global accounts, the equity assets of which were committed most heavily to the United States, 56%; Japan, 21%; Hong Kong, 15%; the United Kingdom, 6%; and Denmark, 2%.

Of the assets invested abroad, $10 million was in commingled accounts. Minimum account size for separate management is $5 million.

To provide a 6% real rate of return, portfolios are structured to represent the top quartile of the world's future stock index. Identification of the fastest growing sectors is followed by the selection in each sector of the leading stocks with the highest consistent internal growth rates. Geographic allocation is the result of this process.

The firm has analysts or portfolio managers stationed in Edinburgh.

The firm is registered with the SEC.

Clients include First Interstate Bancorp, Lincoln National Life and First Interstate Bank of Oregon.

The client contact is Richard A. Miller, director of U.S. marketing, 707 Wilshire Blvd., Suite 5300, Los Angeles, Calif. 90017; (213) 614-3175.

Scudder, Stevens & Clark

345 Park Ave., New York, N.Y. 10154; (212) 350-8200

Total assets managed	$13,264 million
Tax-exempt assets managed:	
Total	$7,161 million
Invested overseas	$54 million

Scudder, Stevens & Clark managed $54.4 million in international and global accounts for six tax-exempt U.S. clients. Of that, $44.3 million was in foreign stocks, $6 million in foreign bonds and $4.1 million in cash equivalents.

International accounts held $50 million. The equity assets of which were committed most heavily to Japan, 20%; Hong Kong, 9%; the Netherlands, 9%; Switzerland, 9%; and United Kingdom, 9%.

The remaining $4.4 million was invested in global accounts. Equity assets were committed most heavily to the United States, 47.1%; Japan, 29.7%; the United Kingdom, 9.2%; Belgium, 7.2%; and the Netherlands, 6.9%.

The three basic principles of Scudder, Stevens & Clark's investment approach are continuous in-depth research; broad diversification by country and industry; and active management providing flexibility to respond to unanticipated developments. The firm emphasizes a top-down approach based on macroeconomic trends, sound balance sheet and improving prospects for companies and countries.

Analysts and portfolio managers are stationed in New York, Boston and Los Angeles.

Minimum account size for separate management is $2 million.

Scudder, Stevens & Clark is registered with the SEC.

The client contact is Nicholas Bratt, senior group vice president.

Simms Capital Management

7 E. 78th St., New York, N.Y. 10021; (212) 861-2830

Total assets managed	$35 million
Tax-exempt assets managed:	
Total	0

As of March 31, Simms Capital had no tax-exempt assets under management. However, it did gain one $30 million global account for a U.S. tax-exempt client after the deadline.

In the firm's international approach, top-down parameters are considered. Emphasis is placed on a bottom-up, value-oriented individual security approach with hurdle rates of real return and hence preservation of capital. Currency impact is monitored and managed.

Minimum account size for separate management is $10 million.

The firm is registered with the SEC.

The client contacts are Robert A. Simms and Sarah Morton-Jones.

The Spangler Group

1 Boston Place, Boston, Mass. 02108; (617) 523-5557

Total assets managed	$163 million
Tax-exempt assets managed:	
Total	$90 million
Invested overseas	$8 million

The Spangler Group managed $8 million in global accounts for 60 tax-exempt U.S. clients as of March 31. Of that, $6 million was in foreign stocks, $1.5 million in foreign bonds and $500,000 in cash equivalents.

The equity assets were committed most heavily to Japan, 20%; Australia, 20%; England, 10%; Spain, 10%; France, 10%; and Italy, 10%.

In addition, the firm managed $5 million for foreign pension funds.

The Spangler Group is a flexible, total-return manager. Investments are selected globally for capital appreciation, as well as current income potential. Portfolio parameters are flexible, based on analysis of world economic and market actions.

Analysts and portfolio managers are stationed in Boston.

Minimum account size for separate management is $500,000.

The Spangler Group is registered with the SEC.

Clients include Turner Broadcasting Systems, Dade County (Fla.) Firefighters, Halcyon and National Perforating.

The client contact is Mark Emerson Spangler, president and chief investment officer.

State Street Bank and Trust

225 Franklin St., Boston, Mass. 02110; (617) 786-3000

Total assets managed	$11,400 million
Tax-exempt assets managed:	
Total	$9,600 million
Invested overseas	$491 million

State Street Bank and Trust Co., a subsidiary of the State Street Bank Corp., managed $491 million in international accounts for five tax-exempt U.S. clients as of March 31. Of that, $397 million was in foreign stocks, $90 million in foreign bonds and $4 million in cash equivalents.

The equity assets were committed most heavily to Japan, 50%; the United Kingdom, 18%; Germany, 7%; Switzerland, 4%; and the Netherlands, 4%.

The firm also managed $93 million in foreign pension funds.

Of the $491 million invested abroad, $20 million was in commingled accounts. Minimum account size for separate management is $10 million.

The bank's investment approach is quantitatively based. Products include a passive index fund designed to track closely the EAFE index; a fund that indexes the EAFE markets but adjusts country allocations according to the bank's own evaluation; and a fund that holds country and industry weights to those of the EAFE but selects stocks with low price-to-earnings and low price-to-book values within these categories. The bank has also begun offering a non-dollar international bond index fund.

Analysts and portfolio managers are stationed in Boston.

Clients include IBM and The World Bank.

The client contact is Thomas P. Hogan at (617) 654-3222.

Swiss American Asset Management International

280 Park Ave., 27th Floor - East Building, New York, N.Y. 10017; (212) 557-0510

Total assets managed	$23 million
Tax-exempt assets managed:	
Total	0 million

Swiss American Asset Management International's investment philosophy advances the concept that portfolio selections should have a global perspective with companies selected from the major markets of the world: anywhere there are favorable conditions and companies demonstrating strong leadership positions and superior investment characteristics.

Analysts or portfolio managers are stationed in New York.

Minimum account size for separate management is $5 million.

The firm is registered with the SEC.

The client contact is Gordon L. Bowyer.

t

Templeton Group

P.O. Box N-7776, Nassau, Bahamas; (809) 327-4331

Total assets managed	$5,125 million
Tax-exempt assets managed:	
Total	$1,744 million
Invested overseas	$660 million

Templeton Group managed $660 million in international and global accounts for 70 tax-exempt U.S. clients as of March 31. Of that, $658 million was in foreign stocks and $2 million was in foreign bonds.

The firm invested $40 million in international accounts, the equity assets of which were committed most heavily to Canada, 24%; Australia, 10%; the United Kingdom, 10%; the Netherlands, 8%; and Japan, 6%.

The remaining $620 million was in global accounts. These equity assets were committed most heavily to Canada, 10%; Australia, 5%; the Netherlands, 6%; Japan, 2%; and the United Kingdom, 2%.

In addition, the firm managed $32 million for foreign pension funds.

The Templeton Investment approach is based on fundamental research and analysis. Research is governed by three key elements: security valuation levels are determined using a five- to six-year time range; assurance is made that growth and value are not mutually exclusive; and new methods of evaluating securities are tested constantly.

Analysts and portfolio managers are stationed in Fort Lauderdale, Fla., and Nassau.

Minimum account size for separate management is $10 million. Templeton is registered with the SEC.

The client contact is Michael G. Landry, senior vice president.

The Toledo Trust Co.

3 Seagate Plaza, Toledo, Ohio 43603; (419) 259-8145

Total assets managed	$1,400 million
Tax-exempt assets managed:	
Total	$610 million
Invested overseas	$2 million

The Toledo Trust Co., which offers U.S. tax-exempt clients a global bond fund and an international equity fund, managed nearly $2 million in non-domestic equities for seven U.S. tax-exempt clients.

The equity assets were committed most heavily to Japan, Germany, the United Kingdom, Switzerland and the Netherlands.

Julius Baer, with offices in Zurich, London and New York, is the investment agent for the international common trust funds.

Minimum account size for separate management is $25,000.

The client contact is David E. Judy, trust development officer.

Travelers Hill Samuel International Ltd.

1 Tower Square, Hartford, Conn. 06183; (203) 277-3772

Total assets managed	$261 million
Tax-exempt assets managed:	
Total	$154 million
Invested overseas	$154 million

Travelers Hill Samuel, an affiliate of The Travelers Corp. and Hill Samuel Investment Management Ltd., managed almost $154 million in international and global accounts for 44 tax-exempt U.S. clients as of March 31. Of that, $80.7 million was in foreign stocks, $56.3 million was in foreign bonds and $16.7 million in cash equivalents.

As of March 31, $131.2 million was invested in international accounts, the equity assets of which were committed most heavily to Germany, 22.1%; Japan, 20.5%; the United Kingdom, 14%; the Netherlands, 7.5%; and Hong Kong, 6.8%.

The remaining $22.5 million was in global fixed-income accounts.

Of the $153.7 million invested abroad, $61.2 million was in commingled accounts. Minimum account size for separate management is $5 million.

Travelers Hill Samuel emphasizes quantified appraisal of long-term value and shorter-term risk/reward potential in U.S.-dollar terms. Quantification techniques include discounted income flow analysis and purchasing power parity for currency appraisal. Computer-based optimization programs are used to match client objectives and research in constructing portfolios.

Portfolio manager/analysts are stationed in London.

Travelers Hill Samuel is registered with the SEC.

Clients include GE, Stanford University, United Presbyterian Foundation and Equifax.

The client contact is John C. Parish Jr., executive vice president.

v

The Vanguard Group

Vanguard Financial Center, Valley Forge, Pa., 19482; (215) 648-6000

Total assets managed	$4,400 million
Tax-exempt assets managed:	
Total	$3,000 million
Invested overseas	$450 million*

The Vanguard Group managed $450 million in international and global commingled accounts for 800 U.S. tax-exempt clients as of March 31. Of the total, $430 million was in foreign stocks and $20 million in cash equivalents.

Batterymarch Financial Management handles the firm's Trustees' Commingled Fund, an international commingled portfolio. The equity assets in this fund were committed most heavily to Australia, 17%; Japan, 15%; the United Kingdom, 16%; Hong Kong, 9%; and West Germany, 8%.

The Ivest Fund, which totals $25 million, is a global commingled portfolio, the equity assets of which were committed most heavily to Japan, 39%; the United Kingdom, 18%; Germany, 12%; and the Netherlands, 10%.

The Trustees Commingled portfolio, in order to realize long-term total return, strategically selects undervalued market sectors by using disciplined portfolio construction and comprehensive computer modeling. Relative valuation of both the international securities market and the stocks within those markets are the basis of selection. The Ivest Fund's foreign stock portfolio seeks long-term capital appreciation with stock selection emphasizing seasoned companies with favorable prospects, while seeking newer, special situation companies, also.

The firm has analysts or portfolio managers in Boston and London.

The client contact is John C. Bogle, chairman.

W

Warburg Investment Management International

499 Park Ave., New York, N.Y. 10022; (212) 348-3383

Total assets managed	$207 million
Tax-exempt assets managed:	
Total	$200 million
Invested overseas	$200 million

Warburg Investment Management International Ltd. managed $200 million in international and global accounts for U.S. tax-exempt clients as of March 31. Of the total, $180 million is managed internationally and roughly $20 million is managed globally.

The equity assets in the international accounts were committed most heavily to Japan, 48%; Germany, 13.4%; Switzerland, 6.8%; France 5%; and the Netherlands, 5%.

The equity assets in global accounts were committed most heavily to the United States, 50%; Japan, 20%; Germany, 6%; Switzerland, 4%; and Holland, 3%.

Warburg uses a London-based team of investment professionals whose capabilities are enhanced by an investment management presence in Japan. The research effort and the firm's experience in understanding the dynamics of the world's stockmarkets ensures market or stock selection, whichever is more appropriate, is highlighted.

It also manages $8 million for foreign pension funds.

The firm has analysts or portfolio managers in London and Tokyo.

Minimum account size for separate management is $5 million.

The firm has been registered with the SEC since 1976.

Clients include Atlantic Richfield, Centel, Hercules and Dartmouth College.

The client contact is John G. Townsend, general manager.

Wardley Marine International Investment Management

250 Park Ave., New York, N.Y. 10177; (212) 503-2741

Total assets managed	$64 million
Tax-exempt assets managed:	
Total	$12 million
Invested overseas	$12 million

Wardley Marine International managed $12.2 million in an international commingled fund for one tax-exempt U.S. client as of March 31.

The all-equity account was committed most heavily to Japan, 39.9%; the United Kingdom, 12.3%; Italy, 9.5%; Germany, 7.9%; and Hong Kong, 6.1%.

Minimum account size for separate management is $5 million.

The investment philosophy is top-down and value oriented. Country allocation is the most important investment decision. Relative value between various markets is assessed based on fundamental evaluation and currency forecasts. Within each market, individual stocks are selected based on fundamental analysis with earnings growth momentum as the key criterion.

The firm also managed $18.7 million for foreign pension funds.

It is registered with the SEC.

Analysts and portfolio managers are in London, Hong Kong, Melbourne, Tokyo and Singapore.

The client contact is Deborah G. George.

Wellington Management Co./Thorndike, Doran, Paine & Lewis

28 State St., Boston, Mass. 02109; (617) 742-8100

Total assets managed	$17,645 million
Tax-exempt assets managed:	
Total	$6,891 million
Invested overseas	$67 million

Wellington Management managed $67.1 million in international accounts for six tax-exempt U.S. clients as of March 31. Of that, $65.7 million was in foreign stocks and $1.4 million in foreign bonds.

The equity assets were committed most heavily to Japan, 31.4%; Hong Kong, 12.5%; the Netherlands, 10.6%; France, 8.9%; and the United Kingdom, 6.3%.

The firm searches for growth companies worldwide. Integrating all its fundamental research, foreign and domestic, it invests in the best relative values flexibly and actively. It has international specialists managing foreign investments.

The firm can provide a multi-country diversified investment approach or a portfolio designed solely to participate in the growth of a single country.

Of the $65.7 million invested abroad, $26.5 million was in commingled accounts. Minimum account size for separate management is $10 million.

Analysts are stationed in London.

Wellington Trust Co./Thorndike, Doran, Paine & Lewis is registered with the SEC.

Clients include AT&T, Coopers & Lybrand, Lukens Steel and MIT.

The client contact is Dena G. Willmore, senior vice president.

Wells Fargo Investment Advisors

475 Sansome St., San Francisco, Calif. 94163; (415) 396-3778

Total assets managed	$18,764 million
Tax-exempt assets managed:	
Total	$18,344 million
Invested overseas	$21 million

As of March 31, Wells Fargo Investment Advisors managed $21.4 million abroad in a commingled account for two U.S. tax-exempt clients.

The firm approaches international investment through the use of an index fund holding more than 500 non-U.S. stocks representing the nine most highly capitalized countries, excluding Italy, in which U.S. capital investment is deemed prudent.

It also manages $43 million for foreign pension funds.

The firm's analysts or portfolio managers are in San Francisco.

Minimum account size for separate management is $25 million.

The firm is registered with the SEC.

The clients are Winn-Dixie Stores and B.F. Goodrich.

The client contacts are Thomas A. Middleton and Michael J. Henman, vice presidents.

SIMMS CAPITAL MANAGEMENT, LTD.

Global Managers

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New York, N.Y. 10021
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Telex 316529 SimmsCap NYK
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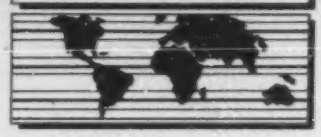
3340 Peachtree Road, N.E.
Tower Place, Suit 2190
Atlanta, Georgia 30026
(404) 266-9228 6501 149005 MCI

Boon of diversification

Foreign bonds touted

International update



LONDON — International fixed-income investments and the case for using them in an American pension fund is finally coming out of the closet, according to two money managers in London, J.P. Morgan Investment and L.F. Rothschild, Unterberg, Towbin International Asset Management.

One of the reasons the time is right for making such an investment is a short-term outlook in which governments are poised to reduce interest rates, said Adrian Lee, of J.P. Morgan.

The only thing stopping them from reducing interest rates immediately is they are waiting for some abatement of the strength of the U.S. dollar, he added. But the short-term view should not be the main reason U.S. tax-exempt investors enter the area, he pointed out.

"Our case for investment in international bonds is based on evidence of the superior rates of return available through international diversification and of the benefits that such diversification brings through risk reduction," said Olaf Rogge, managing director of L.F. Rothschild, Unterberg, Towbin International.

"The trends toward the deregulation of international capital markets and the removal of withholding taxes will lead eventually to the emergence of a more fundamental and integrated world bond market," he said.

"In such an environment, dollar-based investors have a special opportunity to take advantage both of the current high level of the dollar and of the benefits from diversification across markets each fundamentally responsive to domestic flows and international sentiment."

Of equal importance to U.S. investors is the overall reduction of portfolio volatility a portfolio of international bonds provides compared with other components of a typical U.S. pension fund, Mr. Lee said.

"Diversification in non-U.S. markets via international fixed income can cut your total fixed income risk by 20%," he said.

Because of the opportunity for return enhancement, the risk aversion they affor and the reduction in volatility they provide, public pension funds in particular could do more purchasing of international bonds than they can of international equities, Mr. Lee added.

Eager going overseas

LOUISVILLE, Ky. — D.L. Eager Associates (formerly Eager & Cummings), the money management consulting firm launched last summer by Dave Eager and Caroline Cummings, is branching out into the international arena.

The firm has brought in C. Hayes Miller, a former benefits consultant for Meidinger Asset Planning Services, later changed to William M. Mercer-Meidinger Inc., to act as consultant to both domestic and foreign investment houses.

Mr. Miller will work with foreign firms looking to create a linkup with U.S. money managers for marketing and client servicing, and he also will work with U.S. advisory firms wanting to establish an overseas presence through some sort of joint venture.

To date, Eager Associates has done consulting work with one international firm — Kemper-Murray Johnstone.

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BARRA

2001 Addison Street, Berkeley, CA 94704

Barbara Hodges (415) 548-5442

Strong U.S. dollar . . .

Continued from page 13

global capability is a budding one among foreign investment advisers.

Roughly $13.216 billion was invested for U.S. tax-exempt clients in international accounts (those restricted from investing in U.S. securities) during the 15-month period, while roughly $2.751 billion was invested in global accounts, which are allowed to use U.S. securities.

Of the international total, the five most heavily weighted equity markets were Japan, with an average equity weighting of 38% of portfolios; the United Kingdom, with an average equity weighting of 12%; Germany, with 7%; the Netherlands, with 4%; and Hong Kong, with 4%.

Other equity markets drawing international money managers were Australia, with an average weighting of 3%; Switzerland, 2%; Italy, 1%; Canada, 1%; France, 1%; Singapore, 1%; and Belgium and the Netherlands, with less than 1% each.

For the assets invested globally, the five most heavily weighted equity markets were the United States, with an average weighting of 28%; Japan, 21%; the United Kingdom, 7%; Germany, 5%; and the Netherlands and Hong Kong, 3% each.

Other areas global investors emphasized throughout the year were Australia, with an average equity weighting of 2%; and Italy, France, Switzerland and Canada, with 1% each. Markets that were mentioned but weighted at less than a 1% average weighting were Denmark, Spain, Belgium, Israel and Sweden.

Assets in commingled accounts totaled $4.214 billion, or roughly 25% of all assets invested overseas by managers.

The total for net new business for the past 15 months ended March 31, was $2.5 billion. Roughly $1.783 billion of that was new business in foreign stocks and $454 million was in foreign bonds.

In terms of total new business, the Templeton Group, Fort Lauderdale, Fla., was the leader with $307 million in new accounts. It gained 11 clients.

Batterymarch Financial Management, Boston, was second, having gained $268 million in new accounts. The firm added 22 clients.

N.M. Rothschild International Asset Management, London, was third with a net gain of $264 million in new assets under management, adding five clients, while Capital Guardian Trust Co., Los Angeles, was fourth with $224 million, also adding five clients.

While some international money managers revealed how many new clients they added, the response was not consistent.

The 83 international money managers claimed to have added 799 U.S. tax-exempt clients to existing client rosters in the past 15 months. That is an average of about 10 clients per manager.

Batterymarch was most successful in adding new international equity business in the 15-month period.

Capital Guardian and The Vanguard Group, were second and third respectively, with Vanguard adding $200 million. However, most of Vanguard's $200 million is included in the Batterymarch figure because Batterymarch manages the $390 million Trustees Commingled Fund for Vanguard.

Morgan Grenfell Investment Services Ltd, and Mellon-Pictet International Management Ltd., both of London, were fourth and fifth in terms of new equity business. Morgan Grenfell added $152 million in equity business and Mellon-Pictet added $130 million.

N.M. Rothschild International added the most new bond business during the period. It added $200 million in overseas equity accounts for new clients.

First Chicago Investment Advisors, Chicago, was second in terms of gaining bond business in the period. It added $121 million in new bond accounts.

Travelers Hill Samuel International Ltd., Hartford, Conn., was third, adding $47.5 million, and Chase Investors Management Corp., New York, added $26 million in new bond accounts, putting it in fourth place.

Of the 83 international money managers surveyed, 64 claimed currency hedging capability.

Public funds mull . . .

Continued from page 13

and staff, with a view toward a possible portfolio," Mr. Maletta said.

However, he doesn't see the fund rushing into the area. "I'm just one member of the board," he added.

Perhaps one of the more dramatic arguments for public funds considering international investments is their size. Because they are among the nation's largest funds, valuable opportunities for diversification are restricted when they ignore international markets.

Robert Carlson, trustee for the California public employees' fund, agreed strong fund growth is an important element to the system's consideration of the international field.

"Ten years ago, the U.S. had 80% of the world's equities," Mr. Carlson said. "Today, it's only 50%, and that's 50% of the world's equities that we no longer have access to.

"Since we're growing at a rate of $3 billion a year, we really don't have much choice but to diverify internationally."

He said Wilshire Associates, as consultant to the California fund, has suggested the system move into international equities for diversification.

"While (the conference) enforced some of the things I already knew, I also found out how little I did know," said Tom Wiesner, chairman of the Nevada system and one of a seven-member board of trustees.

He explained Nevada has had a consultant studying whether the system should invest abroad, but it was a matter of what level would be best.

"I don't think we can put enough into it to get real diversification," he said. "We wouldn't be inclined to put in 5% to 10%."

But he said the fund had not put international on the back burner. "I think we should continue to look at it and to decide how we're going to get involved."

Besides state treasurers from Connecticut, California and Utah, officials from the Pennsylvania Public School Employees Retirement System, California State Teachers' Retirement System, Massachusetts Pension Reserve Investment Trust, and San Bernardino County, Calif., attended the investment seminar in Tokyo May 20-24.

Nine international investment managers spoke at the meeting. ▪

Wertheim-Philippe International

230 Park Ave., New York, N.Y. 10169; (212) 370-6140

Total assets managed	$294 million
Tax-exempt assets managed:	
Total	$26 million
Invested overseas	$26 million

Wertheim-Philippe had $26 million in global accounts for two U.S. tax-exempt clients as of March 31.

The equity assets of the accounts were committed most heavily to Japan, 30%; the United States, 21%; the United Kingdom, 9%; Germany, 9%; and the Netherlands, 7%.

The firm's investment style incorporates both a top-down and a bottom-up methodology. Equal weight is placed on country, sector and stock decisions. The firm is active in making both the country and sector decisions, and minimal use is made of cash equivalents. Portfolios are diversified with 60 to 100 securities. Approximately one-third of the holdings are in smaller-cap issues.

The firm also manages $268 million for foreign pension funds.

Portfolio managers and analysts are based in Paris, New York and Luxembourg.

The firm is registered with the SEC.

The clients are GTE Services Corp. and Oregon state.

Steven W. Golann, managing director, is the client contact.

Y

Yamaichi Capital Management Inc.

2 World Trade Center, Suite 9666, New York, N.Y. 10048; (212) 912-6484

Total assets managed	$2.184 million
Tax-exempt assets managed:	
Total	$38 million
Invested overseas	$38 million

Yamaichi Capital Management managed $38 million in international accounts for two U.S. tax-exempt clients. Of that, $26 million was in foreign stocks, $3 million in foreign bonds and $7 million in cash equivalents.

The equity assets in those accounts were committed most heavily to Japan, 91%; Australia 4%; and Hong Kong and Singapore, 2% each.

The firm also manages $84 million for foreign pension funds.

Yamaichi's investment strategy mixes top-down guidelines and bottom-up stock selections for the best risk-adjusted return, with an orientation toward capital growth. Fundamental research on international economic context and on industrial trends and corporate performance is generated internally.

It also manages $84 million for foreign pension funds.

The firm's analysts and portfolio managers are in Tokyo.

Minimum account size for separate management is $2 million.

The firm is registered with the SEC. Clients include UAL and IU International.

The client contact is Masatoshi Minami, president.

1985 survey data

The information contained in this special section of *Pensions & Investment Age* was developed from answers to detailed questionnaires sent to international investment advisory firms.

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Cash Management

Fed backs Bankers on commercial paper

By Richard J. Gillespie

NEW YORK — In an opinion that is seen as a victory for banks, the Federal Reserve Bank of New York has ratified a bank's right to place commercial paper on behalf of a corporate client for which it also has extended a credit relationship.

Banks have been pitted against Wall Street in a five-year legal battle over whether they have the right to issue commercial paper for corporations.

The Federal Reserve's opinion, although only advisory, is expected to figure significantly in a Washington, D.C., U.S. District Court case. If Judge Joyce Green concludes a practice initiated by Bankers Trust Co. is legal, other banks are expected to also enter the commercial paper market.

Alternatively, if Judge Green rules Bankers Trust's operation is tantamount to underwriting, a number of banks might have to consider whether acting as an agent to commercial-paper issuers for which they have extended credit relationships might be illegal.

The judge's decision is expected soon.

So far, bankers are heralding the Federal Reserve Bank's long-awaited opinion as some kind of victory.

Several banks are gearing up to offer commercial paper placement facilities to corporations.

While the bankers still cannot, under any circumstances, literally underwrite commercial paper issues, the Federal Reserve Bank's conclusion seems to have opened up a passage for a more concerted bank entry into the commercial paper market.

That possibility can only be good for corporate borrowers, which already have gained tremendously from the greater competition introduced into the short-term credit markets through the development of commercial paper.

According to Jack Vogel, a vice president with Fitch Investors Service in New York, corporations stand to win from a revitalized entry by banks into the market. Middle-market and regional corporate issuers should gain from both lower commissions and also from lower borrowing rates, he said.

But Mr. Vogel, who has been in the commercial paper business for three decades, added the Fed's opinion still left unresolved just how far a bank could go before it transgressed the boundaries laid out by the Glass-Steagall Act, which prohibits banks from underwriting securities.

The overall impact of the opinion on the marketplace, he said, would depend on its legal interpretation, both by Judge Green and by the legal departments of banks.

At issue is the extent to which a bank can match its paper issuance with the provision of backup credit facilities, he said.

In any event, many banks will continue to act as agent for corporate customers, placing large blocks of commercial paper with cash-rich investors, a practice most Wall Street firms consider an invasion of their turf.

While the Fed's decision is seen by some money center banks as the green light that enables them to forge ahead with plans to set up Bankers Trustlike commercial paper operations, a spokesman for the Securities Industry Association pointed out the opinion is only advisory, and the final decision has to come from Judge Green.

The spokesman added that should Judge Green conclude Bankers Trust's activities were not a violation, the SIA would appeal.

"If it looks like underwriting, tastes like underwriting and smells like underwriting, it's underwriting," he said.

But a banker, who wished to remain unidentified, hotly disputed the SIA's claim.

"It seems pretty hard for me to believe that when Congress passed Section 16 of the Glass-Steagall Act allowing banks to act as agent in the placement of securities, it allowed banks to do so only for clients with whom they did not have a credit relationship," said the banker.

Although the commercial paper underwriting business already is highly competitive, the entrance of banks in an enhanced form can only make competition fiercer, according to Mr. Vogel.

The one caveat is that while the Federal

Continued on page 47

Payden & Rygel index of short maturities assets*

(for month ending May 31, 1985)

	Quarter Ending 3/31/85	May 1985	Quarter to date	Year to date	Yield level monthly change*
	Annualized total returns				
90 Day					
U.S. Treasury Bill	8.24	9.83	9.53	8.83	−71
Domestic C.D.	8.26	10.16	9.96	9.02	−78
Euro $ C.D.	8.39	10.67	10.20	9.20	−90
180 Day					
U.S. Treasury Bill	8.26	13.42	12.47	10.06	−87
Domestic C.D.	7.82	13.36	12.50	9.79	−94
Euro $ C.D.	8.22	14.15	12.81	10.16	−105
1 Year					
U.S. Treasury Note	8.35	19.67	17.21	12.04	−101
2 Year					
U.S. Treasury Note	7.30	30.61	26.04	14.99	−99

*Figures are annualized total returns. Quarter-to-date and Year-to-date figures linked monthly. 90 and 180 Day Treasury Bill yield level changes on discount basis.

*Basis points.

Source: Payden & Rygel, Los Angeles, California 90017

The Payden & Rygel index of short-maturity assets appears in every issue of *Pensions & Investment Age*. Intended to be a short-term investment benchmark, it charts total returns on a variety of short-term instruments, and shows the discrepancy between simple yields and total returns.

Notes

Round-table results

WASHINGTON — The first round-table conference held between members of the National Corporate Cash Management Association and representatives from the banking community centered on the future of cash management.

Representatives from the NCCMA, the Federal Reserve Board, the American Bankers Association, the Association of Reserve City Bankers and the Bank Administration Institute met last month to discuss short- and long-term goals for the "contemporary payments systems."

Apart from the scheduling of another meeting in the fall, the most important thing to come out of the discussion was an agreement by the Federal Reserve to appoint a subcommittee to work with the NCCMA's government relations committee on automated clearinghouse options, check truncation

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Extra copies save the day

Poll gets a boost

NEW YORK — The 1985 corporate bank survey recently received a little boost that might have come from a higher authority.

The questionnaires for the 1985 survey, in which corporate cash managers and treasury officers get to rate their major cash management banks, are being distributed through various regional associations in an arrangement with *Pensions & Investment Age*.

But when a box of questionnaires sent to the Cash Management Association of South Carolina failed to arrive, Avery Frick, president, went to his organization's meeting under the impression he would not be introducing the subject of the 1985 survey or handing out any questionnaires.

But that was where he was wrong.

The meeting was a joint one held with the North Carolina association, and Joe Ellisor, president there, had received an additional box of questionnaires.

Mr. Ellisor had brought both boxes to the joint meeting in case any members found themselves short, and he was able to pass them out to members of the South Carolina delegation.

A case of divine intervention, perhaps.

According to Mr. Frick, the questionnaires were given an additional boost by one attendee who announced it was great to get an opportunity to rate banks for a published survey.

For cash managers who received copies of the questionnaire but have not yet returned them, the deadline has been extended to the end of the July. ■

Automation left 'nothing to do'

By Fred Williams

EVANSTON, Ill. — Rod Yoshida, formerly director of domestic treasury operations at American Hospital Supply Corp., believes there is no future in cash management for cash managers who automate the treasury.

Mr. Yoshida speaks from experience. He recently "automated" himself out of the cash management slot at his company, moving into a controllership function.

"I had automated so much that there was nothing left for me to do," said Mr. Yoshida.

"I had always felt my role was to get rid of the high-paid person and replace him with the low-paid person, yet if I did that, I found I didn't have a job anymore," he said. But he added there still are some things left to be done in the cash management area.

In short, Mr. Yoshida, who shortly will become assistant controller for the hospital group, recently introduced an automated treasury management system that renders the cash management operation of the $3.4 billion company into a one-person, clerical operation.

But Mr. Yoshida is happy to be moving on because he believes similar automated systems are going to relegate cash management to the list of professions now rusting away in the junkyards of history.

The system he helped introduce, which runs on an IBM PC, is so advanced it leaves little room for improvement in the foreseeable future, he said.

Mr. Yoshida recalled that in 1977, the cash management group spent a great deal of time monitoring 300 separate accounts connected with American Hospital Supply's various divisions around the country.

At that time, he said, the company's banks had to cut a depository transfer check on each account for depositing into the company's concentration bank.

At the same time, the cash managers had to constantly ensure the company's disbursement accounts were kept topped up, and do all the other calculations necessary to keep the company's payments system flowing smoothly.

Like all great inventions, Mr. Yoshida said the treasury management system began with a problem, a problem brought about by modernization.

In 1977, AHS consolidated its 300 accounts into eight geographically disbursed banks; in 1980, the firm zero-balanced the subaccounts.

"That was all nice and fine for cash management," said Mr. Yoshida. "Now all we had to do was look at the balance in each of eight accounts through the balance reporting and decide whether to draw down or send the money to cover them.

"The problem was none of the banks had a good way to account for the inflows and outflows of those zero-balance entries."

The only way the information could be derived was through a tedious spreadsheet analysis, whose aim was to produce accurate end-of-the month reports.

So Mr. Yoshida asked First National Bank of Chicago, AHS' main concentration bank, to come up with some computer programs based on the bank's mainframe and its timesharing arrangements through which the company's other banks could feed account data directly to First Chicago on a timeshare basis.

"That was not only good for accounting, you also knew how much the divisions were using," he said. "And since it was by division and across eight banks, you could really get a lot of neat information out of it for cash management."

The system worked, he said, except the group spent a lot of time keeping up with transmis-

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C2710-2

Use of pension assets for manager fees increasing

By Rick Rosenfeld

More companies are paying money manager fees from their pension funds — instead of from the corporation's own pocketbook — in the continuing drive to reduce pension expenses.

Although paying from the pension fund purse is not new, the tide slowly has shifted that way in recent years, said William A. Dreher, formerly with Peat, Marwick, Mitchell & Co. and now president of William A. Dreher Inc.

"There is a general thrust toward saying 'How do we reduce the cost of administering the plan?' One way is by paying from the trust," Mr. Dreher said. "In an era where conserving cash is of fresh importance, trying to reduce corporate dollars spent on the pension trust is only natural."

Puritan Bennett Corp., Overland Park, Kan., has paid its investment managers from the pension trust for many years. Treasurer Steven M. Evans said it is done mostly from habit, but the advantages are obvious.

"It's simple. It keeps it off of the firm's bottom line," Mr. Evans said. "That would be the only reason we would do it that way over the other."

He said paying from the trust saved the firm more than $40,000 in 1984.

By paying managers with pension fund assets today, a company might have to increase contributions in the future to make up the difference. For that reason, officials at most companies using pension money to pay managers cite reasons other than bolstering corporate cash flow.

Janice K. Murphy, director of pensions for Pacific Gas & Electric Co., San Francisco, said it is more appropriate to pay managers through the trust.

"I think it's all part of the way you view the pension fund," she said. "Our philosophy is that fees incurred in servicing the fund should be paid from the fund."

Thomas C. Smith, director of

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Pensions & Investment Age

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The newspaper of corporate and institutional investing • $3.50 an issue • $67 a year • July 8, 1985

Unocal plans winners in takeover war

By Marci Baker

LOS ANGELES — The profit-sharing and employee stock ownership plans of Unocal Corp. reaped almost $220 million last week through the public sale of Unocal debt securities originally issued to end the oil company's takeover battle with T. Boone Pickens.

The offering, made by the plans' trustee, Security Pacific National Bank, and underwritten by First Boston Corp. and Shearson Lehman Brothers Inc., was done to comply with law, a company official said.

Proceeds from the sale, which was settled July 2, will be reinvested in Unocal common stock, he added.

In an attempt to fend off Mr. Pickens' takeover attempt, Unocal earlier this year announced it would issue a $4.3 billion package of debt securities in exchange for 59.3 million Unocal shares held by investors other than Mr. Pickens and his investor group, Mesa Partners II.

Following a Delaware Supreme Court decision that found the selective tender legal, Unocal reached an agreement ending the bitter takeover battle.

As part of the terms of the agreement, $554.4 million of the debt offering was used to acquire 7.7 million of Mesa Partners' 23.7 million Unocal shares.

Other investors, including the Unocal plans, each exchanged about 39% of their shares for the remaining securities, valued at a lucrative $72 a share.

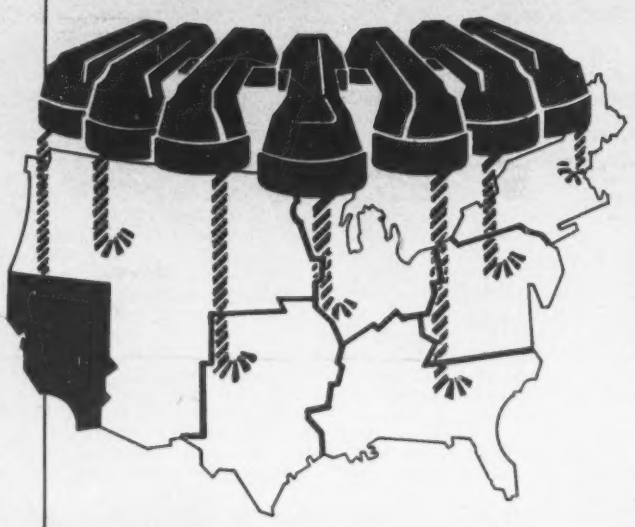
All told, three Unocal employee benefit plans — its profit-sharing plan and two ESOPs — tendered about 4.1 million shares out of the about 10.7 million shares they held.

In exchange, the profit-sharing plan, with total assets of $356 million at the end of last year, received $229 million in debt securities, while the ESOPs received $63.7

Continued on page 36

Other changes expected

Two Bell companies shift assets



By Fred Williams and Steve Hemmerick

Southwestern Bell Corp., St. Louis, hired five equity managers to handle $300 million and Pacific Telesis Group, San Francisco, reportedly picked three real estate managers for up to $200 million in what is viewed as the beginning of a series of significant moves by the pension funds of the seven Bell operating companies.

Southwestern Bell's hirings, and perhaps PacTel's as well, occurred in conjunction with the final transfer of pension assets to the baby Bells from American Telephone & Telegraph Co. (*see related story page 6*).

The transfer, completed July 1, is expected to lead all seven operating companies to parcel out the new money in the coming months.

In addition, some managers the seven inherited from AT&T likely will be dropped, their assets reallocated to new and existing managers.

Southwestern Bell hired Nicholas-Applegate Capital Management, San Diego; Pilgrim, Baxter, Hoyt & Grieg, Philadelphia; Franklin Portfolio Associates, Boston; GeoCapital Investment Management, New York; and Jennison Associates Capital Corp., New York, said Mary Ann Devine, district manager for pension and savings plans.

Ms. Devine would not say how much each was given. Southwestern Bell has approximately $4 billion in pension assets.

Another official at Southwestern Bell said the money was taken from other equity managers, some active and some passive.

Some of the money came from Batterymarch Financial Management, Boston, a firm he said no longer wanted to handle passive index-fund money. He would not disclose the names of the other AT&T-inherited managers that had been terminated.

The five were selected following a

Continued on page 36

Late news

Iowa hires 7, drops 1

DES MOINES, Iowa—The $2.5 billion Iowa Public Employees' Retirement System completely revamped its asset allocation and manager lineup, hiring seven, dropping one and leaving only one existing manager's allocation intact.

Equity managers hired were contrarian Batterymarch Financial Management, Boston, for $175 million; large-capitalization core manager Provident Capital Management, Philadelphia, for $100 million to $125 million; and diversified large-capitalization manager Wellington Management Co., Boston, also for $100 million to $125 million.

Continued on page 2

Eastern repays funding waiver 18 months early, renews dividend

By Alan Krauss

MIAMI — Eastern Air Lines has repaid 18 months early a $37.4 million waiver on its pension contribution so the company can reinstate dividend payments on three classes of preferred stock.

The waiver was to have been repaid in three installments of $12.4 million each in September of 1984, 1985 and 1986. It was granted by the Internal Revenue Service when Eastern could not make its 1982 pension contribution by Sept. 15, 1983.

After making the first scheduled payment last September, Eastern repaid the balance of the waiver in early April or late March, a source said.

The $24.8 million repayment means the company is up to date on contributions to its $1 billion pension fund.

A spokeswoman for Eastern said the company accelerated the repayment because of "drastically" improved profitability. During the first five months of 1985, Eastern's net profit rose to $41.4 million, compared with a loss of $46.7 million during the same period in 1984. Additionally, during the 1985 period, the company contributed $59.8 million to its employee profit-sharing plan.

"Eastern's financial fortunes improved drastically, so it was decided it was prudent to pay the waiver back early," the spokeswoman said. She refused to elaborate on the company's reasoning.

"Obviously, the faster you can pay it back, the better," said Robert Wallace, Eastern's director of pension asset management.

But an Eastern board member said the early repayment came about at least partly because of an agreement made during the summer of 1984 between Eastern and the International Association of Machinists, which represents about 12,000 Eastern employees.

Charles Bryan, a member of Eastern's board of directors and president and general chairman of IAM District 100, said Eastern's management agreed the pension waiver would be fully refunded if the company became able to resume dividend payments on its senior preferred stock.

"They met with us and essentially asked for our blessing" for plans to repay the waiver, Mr. Bryan said. "It crossed my mind that they would want to repay the preferred dividends as soon as possible ... I never thought they would go five quarters without reinstating those dividends."

Eastern's repayment of the waiver follows a proposal last summer to substitute a non-marketable, subordinated debt security for the part of the $25 million contribution that would have gone into the pilots' half of the company's fixed

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Funds allocate in two areas, unsure in third

International

By Rose Darby

At least 10 Pension funds hired international managers during the first half of 1985 and at least four others have searches under way.

The pension funds of Lincoln National Life Insurance Co., Fort Wayne, Ind.; TransAmerica Corp., San Francisco; Rockwell International, Pittsburgh; The World Bank, Washington; General Electric Co., Stamford, Conn.; and Mars Inc., McLean, Va., hired or are about to hire international money managers, sources in the international investment community confirmed.

American Information Technologies Corp., Chicago, is said to be narrowing its choices before selecting its first international managers Aug. 1. Ameritech reportedly will hire additional international managers Sept. 1 and Dec. 1.

In addition, Bell Atlantic Corp., Philadelphia; Pepsico Inc., Purchase, N.Y.; and North American Philips Corp., New York, are said to be in the process of seeking overseas investment advisers.

Although the bulk of the activity so far this year seemed to occur in the second quarter, several pension funds hired international managers earlier this year. They include: National Rural Electric Cooperative Association, Washington; Allied Corp., Morristown, N.J.; ENSERCH Corp., Dallas; and Hershey Foods Corp., Hershey, Pa.

The increased activity by pension funds coincides with an increase of about 30% during the past year of U.S. tax-exempt assets invested abroad, according to preliminary data from InterSec Research Corp., Stamford, Conn.

"Maybe half of that amount is from market movement and the other half is from increased cash flow to prior relationships," said Chris Nowakowski, president.

"But there have been a number of sizable new commitments made, and surprisingly, particularly on the international bond side."

International investment advisers are competing to manage roughly $1 billion in net new assets so far this year, Mr. Nowakowski said.

"It's tough to call how the rest of the year will be," he added.

"We've gone from nothing to everything, all of a sudden," said one international money manager. "There are now a number of competitions going on. It's the turn in the dollar, and it's also a lot nicer time to go to London to see about managers, than was February or March."

At Lincoln National, the selection of Walter Scott International Ltd. of Edinburgh, Scotland, to manage $15 million in a commingled fund for the $150 million pension fund was made to serve two needs, said Jon Boscia, executive vice president.

"Last August, our pension fund trustees determined that 10% of assets should be in international," Mr. Boscia said.

The initial investment of the insurer's own pension fund assets will serve as "seed money" for establishing an international commingled account Lincoln National hopes to market to its money management division's tax-exempt clients, he said.

Lincoln National has about $2.5 billion in tax-exempt assets under management for clients, he said.

TransAmerica Corp. hired SBC Portfolio Management International Inc., in New York, to manage an undisclosed portion of

Continued on page 36

Indexing

By Rick Rosenfeld

The index fund boom of last year has mushroomed during the first six months of 1985, adding a new core of assets for some pension funds and capturing increased profits for passive managers.

Managers offering index strategies — designed to mirror the performance of a market index, usually the Standard & Poor's 500 — have seen the number of new accounts and the sizes of old ones soar since Jan. 1, as more pension fund executives reevaluate the effectiveness of more active strategies.

Part of the reason for the boom is the failure of many active managers to beat the market in 1984. Only one in four active managers topped last year's 6.3% increase in the S&P 500, according to SEI Corp.'s fund evaluation services division.

Wayne Wagner, chief investment officer for Wilshire Associates, Santa Monica, Calif., said 1984 could not have been much worse for active managers.

"I think it was definitely a knee-jerk reaction to bad performance," he said. "It makes sense from a fund's point of view to index."

Federal Express Corp., Memphis, Tenn., is one company that has turned to indexing so far this year. It opened an $8 million index fund with Chicago-based Northern Trust Co.

Jeffrey O. Drinan, Federal Express' senior manager of trust investments, said last year's low returns by active managers were key to the company's decision to add an index portfolio.

"A lot of it did have to do with the recent underperformance of investment managers," Mr. Drinan said. "It allowed us to take a look at our investment strategy and make a move toward a passive type of management."

Since opening the account with Northern, Federal Express has added $5 million to its index fund.

But the trend has roots beyond the performance of active managers.

John Hitchman, executive director and chief investment officer of the Washington State Investment Board, said the cost savings from passive management are significant, especially for a large fund. Washington has about a quarter of its $6 billion invested in index accounts.

"An index fund is a low-cost way to participate in publicly traded securities markets," Mr. Hitchman said.

When fees, transaction costs and turnover levels all are taken into consideration, passive management costs only about one-tenth of what active management does, Wilshire's Mr. Wagner said.

George Lehr, executive director of the Teamsters, Central States, Southeast & Southwest Areas Pension Fund, translated that into real dollars.

"Our index funds have lowered commissions by $2.5 million in the first five months of the year," Mr. Lehr said. The Central States fund has indexed $1.7 billion since December.

Indexing assets rarely is to be an all-or-nothing proposition; no major pension fund has all of its assets in index funds.

Thomas Fox, deputy executive director of investments for the Florida State Board of Administration, said active and passive management do not have to be competing strategies.

"I think an index approach and an active approach complement each other," he said. "A lot of people wrongly think you can only have one or the other."

Florida has $614 million of its $8 billion in assets indexed.

Index funds play a part in the investment strategies of Jean LaVecchia, Carl Liebscher and George Lehr, from left.

Most funds with index portfolios use them as a core for their investment strategy. Jean M. LaVecchia, assistant treasurer and assistant secretary for Southern New England Telephone Co., New Haven, Conn., said using index funds as a core adds

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Real estate

By Steve Hemmerick and Alan Krauss

Pension fund executives seem sharply divided over whether to pump new money into real estate for diversification, lower fund volatility and inflation protection or to wait and see what happens to federal tax reform and inflation.

Officials of several funds said they increased their real estate allocations during the first half of 1985, while others said such allocations remain unchanged.

Pension fund executives at Burlington Northern Inc., Federal Express Corp., Duke Power Co., Minnesota State Board of Investment, Illinois Municipal Retirement Fund, Memphis City Retirement System, Minnesota State Board of Investment and Nevada Public Employees' Retirement System all said they added or increased real estate investments in the first half of 1985 to have a positive effect on their funds.

The Memphis City Retirement System plans to do so soon.

But officials of Minnesota Mining and Manufacturing Co., International Telephone and Telegraph Corp., Aluminum Co. of America, Exxon Corp., Inland Steel Co. and the Illinois State Board of Investment say they are keeping about the same exposures.

At Burlington Northern, Everett DuBois,assistant vice president for corporate finance, said his pension fund gave $15 million more to Equitable Real Estate Investment, New York, an existing manager, and an initial allocation of $10 million to Aetna Life Insurance Co., Hartford, earlier this year for real estate. That increased the real estate allocation for Burlington Northern's $600 million retirement fund to 5%, the current target for real estate, from 4%.

Although inflation is stable, he said, "You don't know what is going to happen. You think you might have continuing low inflation, but that might not be the case."

Inflation also played a role in the decision by the $6.5 billion Minnesota State Board of Investment earlier this year to boost its allocation by investing in pooled funds managed by TCW Realty Advisors, Los Angeles, and Aldrich, Eastman & Waltch, Boston.

TCW received $40 million; Aldrich, Eastman & Waltch, $20 million.

"Our real estate asset allocation has been formulated for about two years now, and we've been working toward fulfilling it," said Howard Bicker, executive director. "We believe real estate will provide a good inflation hedge, and we may commit more money to it over the balance of the year. It depends on what kinds of deals come along."

The goal is to invest about $300 million in real estate, Mr. Bicker said. About $275 million has been committed so far.

ITT, on the other hand, has no such plans this year. "I don't expect to recommend increasing our real estate exposure because there are alternative investment opportunities . . . I think stocks and bonds are both better markets right now," said Edwin J. Erlich, director-pension fund trusts.

Joseph C. Pelegrino, assistant treasurer of Alcoa, agreed with Mr. Erlich's assessment of the stock and bond markets. He added, "We have enough real estate at the present."

Mr. Pelegrino said his $1.8 billion in employee benefit funds have about 6% of assets in real estate, an amount he expects to remain the same at least through 1985.

Mr. Erlich said the $1 billion in ITT's domestic pension fund has about 8% of its assets

Continued on page 38

Good returns a Catch-22?

By Chuck Paustian

Investment managers lament they might be their own worst enemies when they lose a client because an overfunded pension plan is terminated.

Consistent, above-average performance might have helped a money manager rest easy in the past, but that same performance today often contributes to the overfunding that causes a plan to be terminated and the manager to be dropped.

"The seed of your own destruction is planted in your success," said Stephen Barney, vice president-investments at Investors Research Corp., Rolling Meadows, Ill., which has $2.5 billion in tax-exempt assets under management.

"We're sorry it works out that way, but we understand why (the companies) are doing it," he said.

"The better job you do, the sooner they want to take it away from you," said Richard C. Taylor, formerly with Robert C. Brown & Co., San Francisco.

"It's frustrating. It's one thing to be terminated for poor performance, but to be fired for doing a good job? You just try to be professional about it," an executive at a large investment management firm said.

With corporations recapturing more than $4.5 billion in excess assets since 1980 by terminating pension plans with $9.6 billion in assets, some managers have learned to accept the resulting loss of the account as one of the costs of doing business.

"If I have to be fired, I'd rather be fired because the client terminated the plan than for poor performance, because it wouldn't affect my ability to market to new clients," said Elliott M. Gartner, director of Morgan Grenfell Inc., New York.

Morgan Grenfell, with $1.1 billion in tax-exempt assets under management, was a manager of both Celanese Corp. and United Air Lines Inc. when those corporations terminated plans.

"No business is without its risks. If you supply a product to an industry, and the demand for the product declines, you can have the best buggy whip in the world, but it won't be any good," said Nathan Hayward III, senior vice president-financial services at Wilmington Trust Co., Wilmington, Del., with $12 billion in tax-exempt assets under management.

"We've always risked losing clients, even if you have good performance. Many of the clients you lose are not for performance reasons. Now, you have this reversion which, of course, has the potential to be much larger than the non-investment reasons," said Wynn Jessup, vice president and director of client services at Delaware Investment Advisers, Philadelphia.

He said Delaware, which manages $6.4 billion in tax-exempt assets, has lost four clients, representing less than $150 million, to plan terminations.

"We've been rather fortunate in that the clients that have terminated have been rather small, except for one," said Mr. Jessup. He did not say who the one client was.

"We have pride in our performance, but on the other hand, what can you do about it? It's part of the facts of life," said one money manager who asked that his name not be used. "It's one of the risks of our

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Completed terminations

Sponsor	Reversion ($ mil.)	Date of termination
Occidental Chemical Corp.	466.05	6/83
Celanese Corp. and Controlled	325.80	1/84
Great Atlantic & Pacific Tea Co.	320.00	5/84
Firestone Tire & Rubber Co.	294.65	9/84
Reynolds Metals Co.	126.00	8/83
AMAX Inc.	124.00	8/83
J.P. Stevens & Co.	115.49	7/84
EES Insurance of Wausau	112.34	12/84
Armour and Co. and Armour Food	108.10	12/83
Stroh Brewery Co.	97.97	10/83
St. Regis Corp.	88.63	12/84
Cone Mills Corp.	67.49	6/84
Diamond International Corp.	65.84	4/83
The Home Insurance Co.	65.00	12/84
AM International Inc.	63.23	5/83
M.W. Kellogg Co.	58.00	6/81
GAF Corp.	56.00	12/82
Humana Corp.	52.14	12/82
Riverside Publishing Co.	48.79	12/83
Beneficial Corp.	45.14	10/83
The Valley National Bank	44.00	3/84
Wilson Foods Corp.	42.46	2/84
Lone Star Industries Inc.	41.97	5/84
Interstate Brands Corp.	39.53	12/83
Harnischfeger Corp.	38.00	8/84
Cities Offshore Productions Co.	37.16	10/83
Inco Electroenergy Corp.	34.38	9/83
Harshaw/Filtrol Partnership	33.93	1/84
Raymond International Inc.	31.84	12/83
Western Air Lines Inc.	28.84	4/82
A.A. Carbide Sales Inc.	25.53	5/84
Whiting Corp.	24.21	12/83
NI Industries Inc.	21.84	12/83
Timex Corp.	21.43	6/82
Continental Air Lines Inc.	19.62	10/82
Dan River Inc.	19.58	6/83
U.S. News & World Report Inc.	18.75	10/84
John Crane-Houdaille Inc.	18.50	12/82
Federal Paper Board Co.	18.33	2/84
Smith's Transfer Corp.	18.13	12/84
Merchants Fast Motor Lines Inc.	16.88	12/84
Frank B. Hall Co.	16.68	9/84
First National Supermarkets	15.82	12/83
Brown Boveri Electric Co.	15.31	6/83
Gulf & Western Industries Inc.	15.60	4/83
Lynchberg Foundry Co.	15.50	10/83
Graniteville Co.	15.37	5/83
Landmark Inc.	15.27	7/84
The Long Island College	15.23	12/83
Butler Manufacturing Co.	14.93	4/83
IU Transportation Services	14.36	7/83
Norlin Industries Inc.	14.21	1/84
Questor Corp.	14.16	1/83
Lane Bryant Inc.	14.05	12/82
Mattel Inc.	13.99	9/83
Ellison Co.	13.80	3/82
Grand Union Co.	13.34	3/84
Smith Barney, Harris Upham	13.33	8/84
Fairfield Manufacturing	13.25	10/84
Clark Oil & Refining Corp.	12.87	12/82
First Oklahoma Bancorporation	12.39	7/84
McLean Trucking Co.	12.00	11/84
Bank of Commonwealth	11.99	12/81
Missouri Delta Community	11.65	10/84
Cooper Industries	11.50	7/83
Gilmore Steel Corp.	11.48	1/84
Dentsply International	11.32	6/82
Dril Tron Inc.	11.30	2/84
Tecumseh Products Co.	11.12	7/84
A.G. Becker Inc.	11.13	6/82
Lyon Metal Products	11.03	8/84
Mead Corp.	10.33	8/83
Haehn Management Co.	10.24	5/83
Harper & Rowe Publishers Inc.	10.19	8/81
T.I.M.E.-DC Inc.	10.16	4/84
Liberty National Corp.	10.08	8/84

Source: Company estimates supplied by the Pension Benefit Guaranty Corp. and other company data as of April 30.
It should be noted some companies have terminated more than one plan and wherever possible P&I Age has printed a combined total. In those instances, the date of the first termination was used.

Manager's worst enemy . . .

Continued from page 3

business. I'd still rather be terminated for getting 20% returns a year than for poor performance.

"It's no fun, but it's not going to kill you. You still hate to lose a client."

Some money managers view terminations from an economic perspective.

"It's developed over the past several years, with companies trying to manage their business more efficiently in terms of cash flow. (The cycle) is a reflection of this efficiency, they are controlling costs, both today and in the future," said William K. McGee Jr., senior vice president at Fayez Sarofim & Co., Houston.

The economic conditions include unanticipated high returns from the security markets combined with conservative actuarial assumptions, high interest rates and what some view as a permissive attitude by the federal government.

Responses from 1,076 companies showed an average interest rate assumption of 7.7% in 1985, according to a Greenwich Associates study. The overfunding resulted from pension investments outperforming the assumptions.

Data published by Ibbotson Associates Capital Market Research Center, Chicago, showed the average annual returns for common stocks for the 10-year period ended Dec. 31 was 14.8%. The Shearson Lehman Government/Corporate bond index had an annualized total return of 9.56% for the same period.

"In the last 10 years, equities and bonds have performed better than people thought they would. A lot of the companies had conservative assumptions. Now, some alert treasurers are taking advantage of this money," said one manager.

High interest rates allowed plan sponsors, wishing to terminate their pension plans, to purchase annuities for the accrued benefits of the plan for a lower cost.

"If interest rates go back up, this has become enough of an accepted trend that more companies would (terminate)," said one manager.

The effects of plan terminations could be particularly devastating to smaller money management firms with a small number of clients.

"You try to build enough clients with enough diversity in the client base," to offset the effects of terminations, said Mr. McGee of Sarofim, which has $8.7 billion in tax-exempt assets under management.

Mr. McGee said it is difficult to determine how many clients were lost because of plan terminations; some were partial terminations in which his firm was retained.

"It's just good business management to try and seek some diversity in your clients . . . It's just another continuing consideration in a continually shifting and changing market," he said.

None of the managers interviewed said he consciously altered his marketing approach to reduce the risk of plan terminations.

Some noted more managers are going after the union and public pension fund markets, an obvious — but not publicly acknowledged — way to find clients that wouldn't drop them by terminating their pension plans.

In addition, they are providing additional services the corporate client might find beneficial, such as passive investment strategies and packaged products, as opposed to individual portfolio management, said Mr. Taylor, the former Robert C. Brown marketer.

"In some cases, there are ways to aggressively pursue other alternatives," he said.

Still, Mr. Taylor does not predict obsolescence for the active manager.

"Good investment managers will always outperform these passive strategies," he said. "They always have and they always will. Once this cycle passes, there will be a whole new market for active managers."

Morgan Grenfell's Mr. Gartner said not all firms will be able to offer such strategies.

"It has to be a business decision," he said.

The managers said they are trying to maintain good performance records and remain useful to the corporate client while they are waiting for the cycle to pass.

"Some companies prefund a new plan. If they prefund the plan for a three- to five-year period, then there is an asset base there sufficient enough to be managed . . . If we did a good job, we'd expect to manage assets for them in the future," said Delaware's Mr. Jessup.

"We are in a painful time, but it's not the first painful time. There may be opportunity in that pain," said Mr. Gartner.

"If you are a good manager with a good product, you'll continue to have the opportunity to compete and to grow," said Mr. Hayward at Wilmington Trust.

"We like to look at the pension industry as an industry full of opportunity," he said. ■

Pending terminations

Sponsor	Reversions ($ mil.)	Date of termination
Getty Oil Co. (Texaco Inc.)	250.00	12/84
The Fireman's Fund*	219.00	3/85
Timken Co.	120.00	11/84
INCO Ltd.	116.00	1/85
Chubb Corp.	87.50	1/85
AMF Inc.	83.10	12/84
Frontier Airlines Inc.	51.00	12/84
Commercial Union Ins.	50.00	3/85
Harcourt Brace Jovanovich Inc.	46.20	12/84
Davy Inc.	40.00	1/85
Ticor	40.00	3/85
Great Lakes Carbon Corp.	39.10	12/84
Genstar Co.	35.00	2/85
Bank of Hawaii	31.00	4/85
Valero Energy	15.50	3/85
Superior Oil Co. (Mobil Corp.)	29.00	12/84
Bulova Watch Co. Inc.	28.00	12/84
Citizens Utilities Co.	28.00	1/85
American Mutual Ins.	20.00	3/85
American Stores Co.	20.00	12/84
Peavy Co.	20.00	12/83
GAF Corp.	18.00	9/84
Northwestern Financial Corp.	17.50	12/84
Sybron	16.10	7/84
Amerace Corp.	16.00	12/84
Jonathan Logan Inc.	15.00	12/84
McLean Trucking Co.	14.00	10/84
Diamond International Corp.	12.00	5/85
Purex Industries Inc.	12.00	3/85
Alladin Industries	10.50	11/84
Itel Corp.	10.30	7/84
Russell, Burdsall & Ward Corp.	10.10	12/84
Petro-Tex Chemical	10.00	11/84
Wean United Inc.	10.00	12/84

* Fireman's Fund Insurance Cos. include Boston Co. and American Express Co.

Source: Company estimates supplied by the Pension Benefit Guaranty Corp. and other company data as of April 30.
It should be noted some companies have terminated more than one plan and wherever possible P&I Age has printed a combined total. In those instances, the date of the first termination was used.

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Karen Ferguson

Participating are:
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Pensions & Investment Age's annual directory of cash management services can be found following page 24.

Photo by Thomas J. Linden

Pensions & Investment Age

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The newspaper of corporate and institutional investing • $3.50 an issue • $67 a year • July 22, 1985

Allis-Chalmers claim is PBGC's largest

By Barry B. Burr
and Joel Chernoff

MILWAUKEE — Allis-Chalmers Corp.'s termination of a grossly underfunded and almost insolvent pension plan will saddle the PBGC with the largest claim in its history, adding to the already deep deficit of the pension agency and increasing pressure for a sharp boost in insurance premiums.

The Pension Benefit Guaranty Corp. is investigating why the plan, covering hourly United Auto Workers employees, is underfunded by an amount estimated at $165 million. The plan has assets of only $5 million.

David Walker, acting PBGC director, said no wrongdoing is suspected.

"Irrespective of our ultimate recovery, this event will be, by far, the largest loss the (PBGC) has suffered in its 10½-year history," Mr. Walker said of the agency taking responsibility for the liabilities of the terminated plan.

The company filed the termination with the PBGC July 17, effective July 26.

Allis-Chalmers left intact its other pension plans, which, in aggregate, appear to be nearly fully funded. All Allis-Chalmers pension plans, including the terminated one, had assets of $305.3 million and accrued liabilities of $466.91 million as of Jan. 1, 1984, according to the company's latest annual report. When the UAW plan's assets and liabilities are removed, the remaining plans, in aggregate, would be about $1 million short of full funding, according to the 1984 figures.

UAW officials, in a statement, called the termination "outrageous," and said they are considering legal action.

They later modified their stance when they learned the plan would be insolvent by September if no additional contributions were made, and the PBGC already had agreed to assume trusteeship of the plan.

Alan Reuther, Washington-based assistant general counsel for the UAW, said the termination might be one effect of the general decline of heavy industry.

Allis-Chalmers had received from the Internal Revenue Service partial waivers, totaling $26.4 million, on contributions to some unidentified plans in 1982 and 1983. The firm contributed $55 million in those years.

Officials for the PBGC, the UAW and Allis-Chalmers agreed the terminated UAW plan never received any waivers.

Mr. Reuther of the UAW said the union's contract initially required the company to make contributions in excess of minimums under the Employee Retirement Income Security Act, but later was eased because of the company's deteriorating financial condition.

He said Allis-Chalmers' action violated the UAW contract, which prohibits a termination.

The contract expires in January.

The Allis-Chalmers termination would increase by more than a third the PBGC's $462 million accumulated deficit from terminated, underfunded pension plans reported as of Sept. 30. The previous largest losses to the PBGC were from the terminated plans of Wisconsin Steel Co. and White Motor Corp., each $63 million before recovery of any possible corporate assets.

"The size of this termination reinforces the need for timely action on the administration's request for a premium increase and related legislative reforms to the single-employer insurance program in order to ensure its financial integrity," the PBGC's Mr. Walker said.

The PBGC has been seeking to almost triple annual premiums to employers to $7.50 from $2.60 per participant.

Richard Fay, partner in the Washington law firm of Reed Smith Shaw & McClay, said, "I think it will greatly strengthen their drive to increase the premium."

In Washington, business groups testified in mid-July against an $8.50 premium contained in a House single-employer bill that would start

Continued on page 42

Late news

Buy-out block tried

CHICAGO — In a rare move for a money manager, Lincoln Capital Management Co. is trying to block a proposed insiders' leveraged buy-out of SCOA Industries Inc. of Columbus, Ohio.

J. Parker Hall III, president of Lincoln, whose clients own 1.1 million shares or about 6.7% of SCOA's outstanding stock, said the offering price of $35 per share in cash and preferred stock is "unfairly low."

In addition, he cited the participation of Thomas H. Lee Co., a Boston-based leveraged buy-out firm, in the deal.

Thomas Lee, president of the firm, is a nephew of SCOA's chairman, Herbert Schiff.

While Mr. Schiff is not included in the buy-out group, Lincoln questioned whether the buy-out would trigger a $2.5 million payment to Mr. Schiff under a previous agreement.

Midyear new-issues tally

P1
DC2001 4STATLR FMPJ M
STATISTICAL REFERENCE INDEX
4520 EAST-WEST HWY SU 800
WASHINGTON DC 20014

$1.4 billion equity portfolio

UTC restructures, picks 9

By Rose Darby

HARTFORD, Conn. — The $4.6 billion United Technologies Corp. pension and employee benefit fund has completed restructuring its $1.4 billion equity portfolio, hiring nine new managers, including three for international and one for an index fund.

Nine of 15 existing domestic equity managers were retained.

The new managers are Bankers Trust Co.; Brignoli, Curly & Roberts; Nicholas-Applegate Capital Management; PCM International Management; Schroder Capital Management International; State Street Bank and Trust; Trust Company of the West; Value Line Asset Management; and Wright Investors Service.

The fund also hired Frances Primbly as director-pension investments, said Beverly Lanquist Hamilton, vice president-pension investments.

Ms. Primbly, formerly director of trust investments for Schering-Plough Corp., Madison, N.J., will be in charge of fixed income. She replaces Carl W. Strayer, who has been overseeing the restructuring of the international portfolio.

The basic strategy in U.S. equities is 30% in the defensive value area; 30% in the growth area (10% of which would be in small-capitalization stocks); 20% with sector rotation managers; and 20% in the high performance area, such as stock pickers.

Previously, two emerging technology managers invested about 2% of equity assets, Ms. Hamilton said. Now, four managers will invest 10% of total equities in that area.

In the small-cap area, Jennison Associates Capital, New York, will continue as an emerging technology manager, she said.

Further, Value Line, New York, will manage a portion of assets in its Small Cap Fund; Wright Investors, Bridgeport, Conn., will manage assets in its Junior Blue Chip Fund; and Nicholas-Applegate, San Diego, will be a small-capitalization stock picker, she added.

Continued on page 41

Options on futures aid Centel

By Barry B. Burr

CHICAGO — For the past year, Centel Corp. has been investing part of its $175 million pension fund for longer term bond returns without buying any bonds.

To do so, company officials use options on Treasury bond futures contracts, said Eugene H. Irminger, Centel's senior vice president-finance and chief financial officer.

Such a strategy limits the risk to a rate just below the return on Treasury bills, without losing much potential for gain.

Centel hired Ward & Wissner Capital Management Inc., New York, which developed the strategy, to run a $5 million portfolio.

"Ward & Wissner approached us" on the options on futures strategy, Mr. Irminger said. "It didn't take long to sell us. Ward & Wissner was already doing a dedication for us. So we had a lot of confidence in them."

For Centel's highly diversified and well-funded pension fund, it was a first venture into options or futures-related instruments.

Centel has about $10 million with Clarens Associates Inc., New York, using a market timing strategy of either being all invested in the stock market or all in cash equivalents. Clarens, hired by Centel four years ago, has been in cash for the past 18 months, Mr. Irminger said.

About $29 million, or 17%, of its pension fund is invested in a Standard & Poor's 500 stock index fund run by American National Bank & Trust Co. of Chicago.

Equitable Life Assurance Society of the United States, New York, and Massachusetts Mutual Life In-

Continued on page 45

Arbitrage earns 30% for Gould

ROLLING MEADOWS, Ill. — The $123 million Gould Inc. pension fund has earned more than a 30% annual return on its investment with Ivan F. Boesky, the New York-based risk arbitrageur who tries to profit by speculating in takeover stocks.

Charles M. Brennan, Gould's senior vice president and chief financial officer, said Gould invested directly in Ivan F. Boesky Corp., Mr. Boesky's closely held company, by buying about $4 million of 5% participating preferred stock.

"It is a non-traditional pension fund investment," Mr. Brennan said recently.

Since the investment in February 1984, Mr. Brennan said the preferred has grown in value to $5.3 million, from participating in Boesky's earnings and from a small, undisclosed additional investment made by Gould a year after its initial commitment.

Boesky sells preferred stock and debentures to pension funds as a principal way to raise money for its investments. The securities aren't registered and thus can't be sold to the public. Mr. Boesky declined to discuss his pension investors.

Boesky Corp.'s earnings come largely from arbitrage in takeover stocks, but also from investments in stocks that aren't takeover targets and from real estate.

Continued on page 43

Staying neutral pays off for Boesky

By Barry B. Burr

CHICAGO — Risk arbitrageur Ivan F. Boesky supports corporate raiders and their financing tactics, but takes pains to distinguish his money-making activities from theirs.

In addition, Mr. Boesky urges shareholders — especially pension funds — to revolt against corporate managers seeking to entrench themselves, and says pension funds can profit from the raiders' activities through risk arbitrage.

Raiders — a term he dislikes — are disciplining corporations to enhance their value by focusing on business, weeding out inefficiencies and improving operations, he said during an interview earlier this month.

Mr. Boesky calls Carl Icahn, T. Boone Pickens, Irwin Jacobs and others "corporate entrepreneurs."

"They are people that I know, people that I respect ... These type of investors are value hunters," he said, displaying a broad, Jimmy Carter-like grin seemingly automatically, as he did at the conclusion of most of his statements.

He considers descriptions like "raiders" pejorative. "It's like calling a black man a nigger," he added.

Mr. Boesky was in Chicago to promote his book, "Merger Mania: Arbitrage, Wall Street's Best Kept Money-Making Secret." It is a textbook-like explanation — rather than a testimonial or confession — of the risk arbitrage that has earned him millions.

Discussing the need for a shareholders' revolt, he said the Council of Institutional Investors, a recently formed pension fund group, is a step forward in that revolution, he said.

He criticized managements for trying to protect their corporations from raiders by advancing amendments to their charters, such as supermajority votes to approve mergers.

"There has to be an organized institutional revolt," Mr. Boesky said.

"Institutions have been timid," he said.

Pension funds, he said, should be active shareholders, and the council is one way to do that.

"We don't engage in activities in any way offensive to those with fiduciary responsibility," he said, mentioning "greenmail" as one of those offenses.

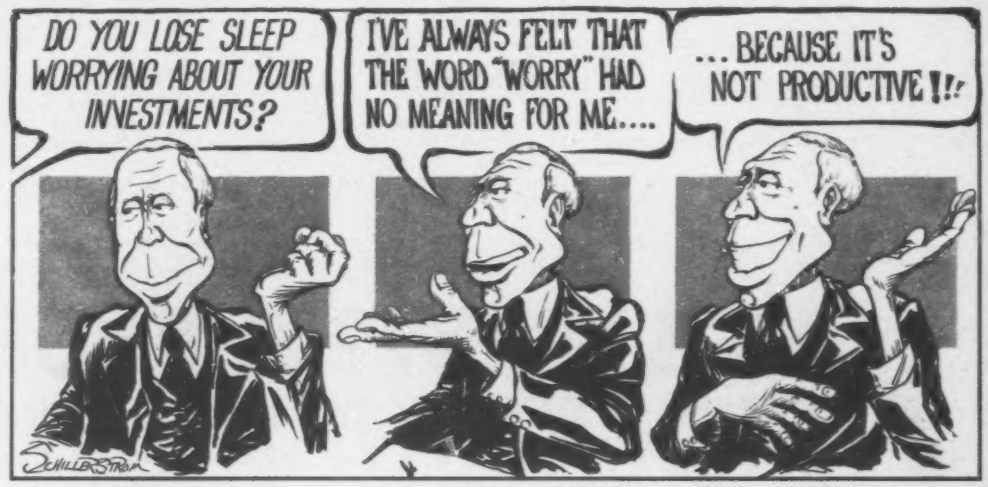
He was asked whether money-making opportunities might have peaked in risk arbitrage. After all, he was reminded, he has time to write a book and promote it, time

"It's viewed only by sophisticated institutional investors as an alternative investment."

Yet, he noted, "arbitrage affects 80% of all securities."

"Pension funds ought to have the advice of an arbitrage-quality analysis, so they'll understand what they are doing."

In risk arbitrage, Mr. Boesky said



"That kind of amalgamation of institutions will preclude" management from entrenching itself to the objection of shareholders, he said.

Of his own activities, Mr. Boesky not surprisingly pushed for increased pension fund involvement, saying risk arbitrageurs remain on the periphery of takeovers.

Pension funds investing in risk arbitrage with him don't "get into an environment that would be controversial," Mr. Boesky said.

away from practicing what he preaches.

"Ivan Boesky had time to write a book because he doesn't sleep when he should," he said. But he isn't worrying about his investments.

"I've always felt that the word 'worry' has no meaning for me because it's not productive," he said.

"How could pension fund opportunity have peaked when probably 1% of them have heard of risk arbitrage?" Mr. Boesky asked.

he neither initiates takeovers, nor seeks control of a company. In a bidding war, he is indifferent about who ultimately takes over a company. He reacts to merger or acquisition announcements and tries to make profits trading the stocks of companies involved in such a competitive bidding fight.

"I am just another stockholder," he said of his role.

"People confuse the role of the

Continued on page 43

Survey shows shifts in management fees

By Chuck Paustian

Investment management fees for accounts of $10 million or less increased more dramatically during 1984 than fees for accounts of other sizes, a survey of more than 160 managers shows.

The annual survey by SEI Corp.'s funds evaluation services division, Chicago, also revealed:

- Large banks and trust companies, with more than $3 billion under management, on average, raised management fees the most and now charge more than the smaller banks and trusts.
- For the most part, small banks and trust companies, those managing less than $3 billion, on average, did not increase management fees from 1984 levels.
- Only a slight correlation exists between performance results and fees of money managers.

SEI surveyed the management fees of 60 large investment counselors, those with more than $1 billion under management; 55 small counselors, managing less than $1 billion; 20 large banks and trust companies; and 30 small banks and trust companies. Fees were quoted, in basis points, on balanced, equity and fixed-income accounts. One hundred basis points equal one percentage point.

(SEI also recorded data on $5 million accounts for all three categories and included those figures in its findings. They are not in the accompanying table.)

The investment subsidiaries of banks and trust companies were included in the bank categories.

According to SEI, the lowest fees charged on $5 million and $10 million balanced and equity accounts increased 21%, on average, while fees charged on $25 million and $50 million accounts increased an average of 10%.

Mary Ann Buck, manager search analyst for funds evaluation, said this might be an attempt by managers to avoid establishing a minimum account requirement.

"Sometimes a manager doesn't want to set a minimum account size. But they don't want to appear uninterested in smaller business, so they'll have a minimum fee that might discourage smaller accounts," she said.

Smaller accounts require as much time as larger ones, she said, but with fees based on market values, a manager receives more income from larger accounts.

Paul Berg, president of Berg Fiduciary Consultants, New York, said it is easier for the manager to raise the break point, or the point when the sliding fee scale begins, than to raise fees or establish a minimum account size.

"The trend that we see is a constant edging up of the break point ... It's more subtle to raise the break point than to change the fees," said Mr. Berg.

In comparison with last year's median fees, small banks and trust companies, in general, did not change their management fees.

The only change from 1984 was the median fee charged by small banks and trust companies on a $50 million fixed-income account, which decreased to 27 basis points from 28, a –4% change.

Ms. Buck said small banks and trust companies did not change fee

Continued on page 44

Investment management fees (in basis points)*

	Balanced fund size ($ mil.)			Equity fund size ($ mil.)			Fixed fund size ($ mil.)		
	$10	$25	$50	$10	$25	$50	$10	$25	$50
Large counselors (more than $1 billion under management)									
Highest	100	100	90	100	100	100	55	52	51
25th quartile	75	65	56	84	70	56	50	39	34
Median	68	60	51	73	60	53	40	35	30
75th quartile	60	51	42	60	52	43	35	32	27
Lowest	45	34	27	45	35	27	25	25	23
Small counselors (less than $1 billion)									
Highest	100	95	85	100	100	100	50	45	41
25th quartile	76	65	55	100	70	60	50	42	36
Median	68	56	47	75	60	51	40	38	33
75th quartile	58	44	37	60	60	44	38	34	29
Lowest	45	33	27	45	33	27	25	22	21
Large banks and trust companies (more than $3 billion)									
Highest	75	60	50	75	60	49	50	44	41
25th quartile	61	50	46	61	50	43	40	40	32
Median	50	44	38	50	44	38	35	31	28
75th quartile	40	33	35	35	40	35	32	25	25
Lowest	32	21	17	32	21	17	25	20	17
Small banks and trust companies (less than $3 billion)									
Highest	80	74	65	80	74	65	61	49	37
25th quartile	60	52	51	60	52	51	43	32	30
Median	50	40	34	50	40	34	38	30	27
75th quartile	39	30	26	39	30	27	34	28	24
Lowest	28	22	17	28	22	17	19	15	19

Source: SEI Funds Evaluation

* 100 basis points equal one percentage point.

Pensions & Investment Age

A

Field defining independent role

By Richard J. Gillespie

NEW YORK — In last year's introduction to the then-second annual cash management directory, it was noted it had once been said that if ever interest rates dropped below 6%, the whole cash management industry would go into a decline.

With the rate on Treasury bills hovering below 7% at press time and for the first time in several years, that earlier prediction was an overstatement.

Numerous events of the past year have demonstrated the cash management industry has evolved independent of interest rates.

It is hardly surprising corporations should require more and better technology and services to more effectively and efficiently process their payables and receivables, and to better maximize the returns on their surplus resources.

But while it is clear that these tasks have continued to gain in importance despite the decline in interest rates, it is also clear the cash manager is becoming a professional in his or her own right.

Not only is the National Corporate Cash Management Association's initiative to begin a certification program now almost a reality (see story on page CM30), but numerous events of the past year have made it likely the professional cash manager increasingly will be in demand.

The cash management industry has been rocked by several revelations in the past 12 months.

First, there were the collapses of two major government securities dealers — E.S.M. Government Securities of Fort Lauderdale, Fla., and Bevill, Bresler & Schulman Asset Management of Fort Lee, N.J.

Those crises led to industry members discovering the importance of taking delivery of collateral in a repurchase agreement.

At a cash management industry conference held by the Cash Management Institute last year, William E. Donoghue asked a crowded room of corporate delegates how many had seen a written repurchase agreement contract. Mr. Donoghue claims not more than 5% of the people in the room put their hands up. However, the losses incurred by repo participants with the two bankrupt government securities dealers left the corporate cash management community relatively unscathed.

But another crisis might yet drag the corporate cash manager into its maw.

In May, Robert Fomon, chairman of E.F. Hutton, pleaded guilty to 2,000 charges of mail and wire fraud in connection with a scheme the firm had operated between 1980 and 1982. Banks temporarily were bilked of literally hundreds of millions of dollars in uncollected funds, which then were invested at historically high interest rates.

This demonstrated to Congress the huge potential for abuse in America's banking system. While the techniques used by E.F. Hutton's cash managers (systematic overdrafting of accounts) are not in widespread practice among corporations, cash managers can expect to see more regulatory interference to monitor these practices in the future, according to Mr. Donoghue.

One aspect of the industry the affair pointed up, he said, was the lack of a written code of ethics among cash managers.

The great issue of 1984, however, was the emergence of treasury workstations and the almost unbelievable hysteria their introduction generated among the banking community.

Now, the smoke seems to have cleared over the market, with a number of banks even dropping (quietly) their treasury workstation programs. Another vendor, Future Technologies International, filed for reorganization under Chapter 11 of the Bankruptcy Code.

Part of the anticlimax might have resulted from the earlier overenthusiasm the workstation emergence seemed to engender. Also partly, it might have resulted from a lack of understanding about the capabilities of personal computers.

This directory is not intended to provide a complete listing of all the treasury workstation vendors — for that, read the March 4 edition of *Pensions & Investment Age*. But it does show which banks offer treasury workstations to clients.

It is intended to provide a repository of information on the banks and service organizations, associations and other institutions that provide services to the cash management industry, a sort of information clearinghouse.

In this regard, *P&I Age* has attempted to provide as complete and up-to-date information on the industry as is possible. ■

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The information contained in this directory was developed by *Pensions & Investment Age* from questionnaires.

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Glossary

COLLECTION SERVICES
Lockboxing retail: High volume lockboxing operations.
Lockboxing wholesale: Intercorporate lockboxing.
Lockboxing alternatives: Alternative stand-alone lockboxing sites or network membership.

DISBURSEMENT SERVICES
Controlled disbursement-delayed funding: Indicates credit line advanced to corporate users to cover disbursement float.

COMMUNICATIONS SERVICES
Terminals: Dumb balance reporting terminals available.
Terminal-initiated wire transfers: On-line execution of wire transfers.

AUTOMATED CLEARING HOUSE
Electronic DTCs: ACH-based, electronic funds concentration system available.
Direct deposit: Direct deposit of payroll through ACH network.
Corporate trade payments: Ability to send and receive, unless otherwise indicated.

INTERNATIONAL
Letters of credit: Letters of credit facility available.
Collections: service for either documentary collections or overseas lockboxing or both.

CONSULTING
Lockbox/disbursement studies: Bank will analyze float characteristics.
Stand-alone consulting: Bank's consulting division operates independently.

INVESTMENT MANAGEMENT SERVICES
Sweep: Accounts swept and surplus invested.
Separate management: Short-term investment management for individual accounts offered.

BANK SERVICES

a - Automated and manual wholesale lockboxing
b - Reports by 10:30 EST
c - See profile for additional information
d - Ability to receive corporate trade payments only
e - Documentary collections
f - Overseas lockbox collections. See profile for locations
g - Both documentary collections and overseas lockboxes
h - Both multi-tiered and regular zero balance accounts
o - Mail intercept facility
p - Pre-authorized debits
z - Terminal-based letters of credit

	Lockboxing — retail	Lockboxing — wholesale	Lockboxing — alternatives	Disbursement — controlled	Disbursement — delayed funding	Disbursement — alternatives	Terminals	Terminal-initiated W/Ts	Terminal-initiated com. ppr.	Other communications	Electronic DTCs	Terminal-based ACH	Corporate trade payments	Direct deposit	Letters of credit	Collections	Foreign exchange trading	Foreign exchange advisory	Lockbox/disbursement studies	Other consulting	Stand-alone consulting	Sweep	Separate management	Zero balance accounts	Payable thru drafts	Account reconciliation	Treasury workstation	Other
ALABAMA																												
AmSouth Bank	●	a			b				●					●		●			●	●	●	c						●	●			p
ARIZONA																												
Valley National Bank of Arizona	●	a			●	●	●		●	●				●	●	●	●		●		●	c						●	●	●	●		p
CALIFORNIA																												
Bank of America		●	c		b				●	●				●	●	●	●		z	●	●	●	c	c	●				h	●	●	●		p
City National Bank	●	●	o						●	●		●	c	●		●	●			●	●	c		●		●			h	●	●			p
First Interstate Bank	●	a	c/o		b	●			●	●				●	●	●	●		z	g	●	c	c			●	●			●	●	●	●		f
Lloyds Bank of California	●	a			b				●					●		●			●	g	●	c								h	●	●	●		p
Security Pacific National Bank	●	a	o		b			c	●	●		●	c	●		●	●		z	g	●	c		●						h	●	●	●		p
Wells Fargo Bank	●	●	c		●	●			●	●				●	●	●	●		z	●	●									h		●	●		p
COLORADO																												
Central Bank of Denver	●	a	o		b	●	●		●					●		●										●				●	●	●			p
Colorado National Banks	●	a			b		●		●	●				●	●	●	●		●	●	●	c	●							●	●	●			p
United Bank of Denver	●	a	c		b	●	●		●			●		●		●	●		●	●	●	c								●	●	●	●		p

BANK SERVICES

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	Lockboxing — retail	Lockboxing — wholesale	Lockboxing — alternatives	Disbursement — controlled disbursement	Disbursement — delayed funding	Disbursement — alternatives	Terminal-initiated W/Ts	Terminal-initiated com. ppr. terminals	Other communications	Electronic DTCs	Terminal-based ACH	Corporate trade payments	Direct deposit	Letters of credit	Collections	Foreign exchange trading	Foreign exchange advisory	Lockbox/disbursement studies	Stand-alone consulting	Other consulting	Sweep	Separate management	Zero balance accounts	Payable thru drafts	Account reconciliation	Treasury workstation	Other	
CONNECTICUT																												
Connecticut Bank and Trust Co.	●	a	c		b			●	●		●	c		●	●	●	●		●	●	●	●			●	●	●		p		
Connecticut National Bank	●	●	c		b			●	●		●			●	●	●	●		●	●	●	●			●	●	●	●	p		
D.C.																												
American Security Bank	●	●			b			●	●					●		●	d		●	●	●	●			●	●	●	●	p		
DELAWARE																												
Bank of Delaware			●			b			●	●					●		●	d		●	●	●			●		●	●	p		
Delaware Trust Co.			●												●		●			●					●		●		p		
FLORIDA																												
First Florida Banks	●	a	o		b			●	●					●	●	●			●	●	●	●			●	●	●	●	p		
Florida National Bank	●	●			●		●	●	●			c		●	●	●	●		●	●	●	●			●		●	●	p		
NCNB National Bank of Florida		●	c		b	●	●	●	●		●	c		●	●	●			z	●	●	●			●		●	●	p		
Southeast Bank	●	a	c		b	●	●	●	●			c		●	●	●			●		●	●			●	●	●	●	p		
Sun Bank	●	a	c		b		●	●	●					●		●	●		●						h	●	●	●	p		
GEORGIA																												
The Citizens and Southern National Bank	●	a			b	●	c	●	●		●	c		●	●	●	●		●	●	●	●	c	c	●	●	●	h	●	●	p		
First National Bank of Atlanta	●	a			b	●		●	●					●		●	●		●	●	●	●	c	c	●			●	●	●	p		
National Bank of Georgia		a	c		b			●						●	●	●			●	●	●	●	c			●	●	●	●	p		
Trust Co. Bank		●			b	●	c	●	●					●	●	●	●		●	●	●		c			●		●	●	p		
HAWAII																												
Bank of Hawaii	●	●	c					●	●			c				●	●		●	●						h	●	●		p		
ILLINOIS																												
Continental Illinois National Bank	●	●	o		b			●	●		●	c		●	●	●	●		●	o	●	●	c	o	●	●	●		p		
First National Bank of Chicago	●	●	c/o		b	●	●	●	●	●	●			●	●	●	●		z	●	●	●	c	c	●	●		h	●	●	p		
Harris Bank	●		c		b	●	c	●	●			c		●	●	●	●		●	●	●	●	c					h	●	●	p		
Northern Trust Bank		a	o		b	●	●	●	●		●	c		●	●	●	●		z	g	●		c	c	●			●	●	●	p		
INDIANA																												p
American Fletcher National Bank	●	a			b		●	●						●	●	●	d		●	●	●	●	c					h	●	●	●	p		
Indiana National Bank	●	●			b			●						●		●			●	●	●		c			●	●	h	●	●	p		
Merchants National Bank	●	a			●			●	●					●	●	●			●	●	●	●						●	●	●	p		
KANSAS																												
Fourth National Bank and Trust Co.	●	●			b		●	●	●					●	●	●	d		●	●	●	u	c	c			●	h	●	●		p		
KENTUCKY																												
Liberty National Bank and Trust Co.	●	●			b	●	●	●	●			c		●	●	●	●		●				c			●	●	●	●	●	p		
National Processing Co. Inc.	●	a	c		b			●	●			c		●	●	●	●		●	●	●		c	c		●		●	●	●	●	p		
MAINE																												
Norstar Bank of Maine	●	●			●	●								●		●			●	●						●	●	●			p		
MARYLAND																												
Equitable Bank	●	●			b	●		●	●					●	●	●			●	●	●		c			●		●	●	●	p		
First National Bank of Maryland	●	a	c/o		b	●	●	●	●					●	●	e	●		●	●	●		c			●	●	h	●	●	●	p		
MASSACHUSETTS																												
Bank of Boston			●	c		b	●	●	●	●	●			c	●	●	●	●	●	g			c					●	●	●		p		
Bank of New England	●	a	c		b			●	●					●	●	●			●	●	●	●	c	c		●	●	h	●	●	●	p		
Shawmut Bank of Boston	●	a			b	●	●	●						●	●	●	●		●		●	●	c	c		●		●	●	●	●	p		

BANK SERVICES

a - Automated and manual wholesale lockboxing
b - Reports by 10:30 EST
c - See profile for additional information
d - Ability to receive corporate trade payments only
e - Documentary collections
f - Overseas lockbox collections. See profile for locations

g - Both documentary collections and overseas lockboxes
h - Both multi-tiered and regular zero balance accounts
o - Mail intercept facility
p - Pre-authorized debits
z - Terminal-based letters of credit

	Lockboxing — retail	Lockboxing — wholesale	Lockboxing — alternatives	Disbursement — delayed funding	Disbursement — controlled	Disbursement — alternatives	Terminal-initiated W/Ts	Terminal-initiated com. ppr.	Terminals	Other communications	Terminal-initiated stop pmts.	Electronic DTCs	Terminal-based ACH	Corporate trade payments	Direct deposit	Letters of credit	Collections	Foreign exchange trading	Foreign exchange advisory	Lockbox/disbursement studies	Stand-alone consulting	Other consulting	Separate management	Sweep	Zero balance accounts	Payable thru drafts	Account reconciliation	Treasury workstation	Other
State Street Bank & Trust Co.	●	●			b	●			●	●		●			●	●	●	●		z	●	●	●		c				●			h	●	●			p		
MICHIGAN																																						
Manufacturers National Bank of Detroit	●	●			b	●	●		●	●					●	●	●	●		●	g	●	●		c				●			h	●	●			p		
Michigan National Bank of Detroit	●	a			b	●			●	●					●	●	●	●		z	a	●	●		c				●	●		●	●	●	●		p		
National Bank of Detroit	●	●	c/o		b		●		●	●	●		c		●	●	●	●		●	a	●	●		e					●		h	●	●	●		p		
Old Kent Bank & Trust	●	●			●	●			●						●		●			●	a	●	●									●	●	●			c/p		
MISSISSIPPI																																						
Deposit Guaranty National Bank		●			b		●		●						●		●			●	a	●	●		c				●			●		●			p		
MISSOURI																																						
Boatmen's National Bank of St. Louis		a	c		b				●	●			c		●	●	●			●	a		●		c				●			h	●	●			p		
Centerre Bank	●	a	c		b	●	●		●	●					●	●	●	●		●	a	●	●		c	c	●		●			h	●	●	●		p		
Commerce Bank of Kansas City	●	●			b	●			●	●			c		●	●	●	●		●	a	●	●		e					●		h	●	●	●		p		
Mercantile Trust Co.	●	a	c		b		●		●	●					●	●	●	●		z	a	●	●		c	c			●			h	●	●	●		p		
United Missouri Bank of Kansas City	●	a			b		●		●	●					●	●	●	●		●	a				e				●	●		●	●	●	●		p		
NEBRASKA																																						
First National Bank of Omaha	●	a			b				●	●			c		●		●	d		●	a	●	●		c				●			h	●	●			p		
Omaha National Bank	●	●			b				●						●		●								c				●			●	●	●			p		
NEW JERSEY																																						
First Fidelity Bank of New Jersey	●	a			●				●	●		●			●	●	●	●		●	a	●										●	●	●			p		
United Jersey Bank	●	●	c/o		b		●		●	●			c		●	●	●	●		●	a	●							●	●		h	●	●			p		
NEW MEXICO																																						
First National Bank in Albuquerque	●	a			b		●		●				c		●	●	●	●		●									●			●	a	●					
NEW YORK																																						
The Bank of New York	●	●	c/o		b	●	●		●	●		●			●		●	●		●	a	●	●		c				●			h	●	●	●				
Chase Manhattan Bank		●	c		b				●	●	●	●	c		●	●	●	●		●	g	●	●		c	c	●		●			h	●	●	●		c/p		
Chemical Bank	●	a	o		b	●	●		●	●	●	●	c		●		●	●		z	g	●	●						●	●		●	●	●	●		c/p		
Citibank	●	a			b		●		●	●	●	●	c		●	●	●	●		●	a	●	●		c	c						h	●	●	●		c/p		
Irving Trust		●	e		b	●			●	●	●		c		●		●	●		z	a	●	●		c	c	●			●		●	●	●	●		p		
Manufacturers Hanover Trust Co.	●		c		b		e		●	●	●	●			●		●	●		z	g	●	●		c	c	●		●	●		h	●	●	●		c/p		
Morgan Bank					b	●			●	●	●		c		●	●	●	●		z	a	●	●									h	●	●			c/p		
NORTH CAROLINA																																						
Branch Banking and Trust Co.	●	●			●				●						●		●	●		●	a	●	●		c	c			●			●		●	●		p		
First Union National Bank		●			b	●			●	●		●			●	●	●			●	a	●	●		c	c	●		●	●		h	●	●	●		c/p		
NCNB National Bank of North Carolina		●	c		●	●	c		●	●		●	c		●	●	●	●		z	a	●	●		c	c	●		●	●		●	●	●	●		p		
United Carolina Bank		●	c/o		b				●						●		●	●							c	c	●		●			h	●	●			p		
Wachovia Bank & Trust Co.	●	●	c		b	●	●		●	●		●	c		●	●	●	d		●	a	●	●		c	c	●		●			h	●	●			p		
OHIO																																						
AmeriTrust Co.	●	a	c		b	●			●	●					●	●	●	●		z	a	●	●		c							h	●	●	●		p		
BancOhio National Bank	●	●			b				●						●	●	●			●	a				c				●			●	●	●	●		c/p		
Bank One, Dayton	●	a	c		b		●		●	●			c		●	●	●	●		●	a	●	●		c				●			●	●	●	●		c/p		
Central National Bank	●	a			b		●		●	●					●		●			●	a	●	●		e				●			●	●	●			p		
Central Trust Co.	●	●			b				●						●	●	●			●	a	●	●		a				●			h		●	●		p		
Fifth Third Bank	●	●	c		b	●	●		●				c		●	●	●	●		●	g	●	●		e							●	●	●			p		
Huntington National Bank	●	a			b	●	●		●	●			c		●	●	●	●		●	g	●	●						●			●	●	●	●		p		

BANK SERVICES

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g - Both documentary collections and overseas lockboxes
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p - Pre-authorized debits
z - Terminal-based letters of credit

	Lockboxing — retail	Lockboxing — wholesale	Disbursement — alternatives	Disbursement — delayed funding	Disbursement — controlled	Terminal-initiated W/Ts	Terminal-initiated com. ppr.	Other communications	Terminal-based stop pmts.	Electronic DTCs	Corporate trade payments	Direct deposit	ACH	Foreign exchange trading	Foreign exchange advisory	Letters of credit	Collections	Lockbox/disbursement	Stand-alone consulting	Other consulting	Other studies	Separate management	Sweep	Zero balance accounts	Payable thru drafts	Account reconciliation	Treasury workstation	Other
Toledo Trust Co.		•			b			•						•	•	•	•		•	•	•	•			•			•	•	•		p
OKLAHOMA																															
Central National Bank of Enid					•		c	•		•		c		•		•									•			h	•	•		p
OREGON																															
First Interstate Bank of Oregon	•	a	c		b	•	c		•	•			c		•	•	•	•		z	g	•	•		c	c	•		•	•	•	c/p
PENNSYLVANIA																															
Continental Bank		•			•			•						•		•			•	•				c				h		•		p
Industrial Valley Bank		a			b			•						•	•	•	•		•	•	•			c				h	•	•		p
Mellon Bank	•	a	c		b		•		•	•	c			•	•	•	•		z	g	•			c		•		•	•	•	•	c/p
Meridian Bancorp Inc.	•	•	c		•			•			c			•	•	•	•		•	•	•	•		c	c			•	•	•		c/p
Philadelphia National Bank	•	•	c		b	•		•	•		c			•	•	•	•		z	g	•	•		c	c	•		•	•	•		c/p
Pittsburgh National Bank	•	a	c		b	•	•	•	•		c			•	•	•	•		•	•	•	•		c	c	•		•	•	•	•	p
RHODE ISLAND																															
Fleet National Bank		•			b			•	•					•	•	•			•	•	•	•		c				•	•			p
TENNESSEE																															
First American National Bank	•	•	c		b			•						•	•	•	•		•	•	•							•				p
TEXAS																															
First City Bank of Dallas	•	•	%c		•	•	•	•	•		•			•		•			•	e								•	•	•	•	p
Frost National Bank	•	a			b			•	•					•	•	•	•		•	e				c			•	•	•			p
InterFirst Bank Houston	•	•	%c		b		•	•						•		•	•		•	•	•	•		c	c			•	h	•	•	p
MBank Austin	•	•			b			•	•							•			•	•	•	•							h	•	•		p
MBank Dallas	•	•	c		b			•	•		•			•	•	•	•		•	•				c			•		h	•	•	•	p
Nat'l Bank of Commerce of San Antonio	•	•			b			•					c	•	•	•	•		•	•	•	•							h	•	•	•	c/p
RepublicBank Houston	•	•	c		b	•	c		•	•		•		•	•	•	•		z	•	•	•							h	•	•	•	c/p
Texas American Bank Fort Worth	•	a			•		•		•					•		•	•		•	g	•	•		c	c			•		•	•	•	p
Texas Commerce Bank, Houston	•	a	c		b	•	•		•	•		•	c		•	•	•		•	g	•						•		•	•	•	•	c/p
UTAH																															
First Interstate Bank of Utah	•	a	c		b	•			•	•			c		•	•	•		•	g				c				•	h	•	•	•	c/p
VIRGINIA																															
Bank of Virginia	•	•	c		•				•	•					•	•	•	•	•	e	•			c				•	h	•	•	•	c/p
Sovran Bank	•	a	c		b	•			•	•					•	•	•	•	•	e	•	•		c				•	h	•	•	•	p
WASHINGTON																															
First Interstate Bank of Washington	•	a	c		•	c			•	•			c		•	•	•	•	•	g	•			c		•			h	•	•	•	p
Rainier National Bank	•	a	c		b	•	•		•	•			c		•	•	•	•	z	g	•	•		c	c			•	•	•	•	•	c/p
Seattle-First National Bank		•			b				•	•					•		•	•	z	e	•			c		•			•	•	•	•	p
WISCONSIN																															
First Wisconsin Nat'l Bank of Milwaukee	•	a			b		•	•	•		•	c		•	•	•	•		z	e	•	•		c	c				•	•	•	•	p
Marine Bank	•	•			b	•	•		•	•					•		•	•	•	e	•	•		c					•	•	•		p
M&I Marshall & Ilsley Bank	•	a			b		•		•	•		•	c		•	•	•	•	•	e	•	•		c			•	•	h	•	•		c/p
CANADA																															
Bank of Nova Scotia	•	a	o					•	•			c		•	•	•	•		•	e	•	•		c	c	•		•	h	•	•		c/p
Canadian Imperial Bank of Commerce	•	a	%c					•	•			c		•	•	•	•		•	g	•	•		c	c	•		•	h	•	•	•	p
Toronto-Dominion Bank	•	a	%c		b	•	•		•	•	•	•			•	•	•		z	g	•	•		c	c	•		•	h	•	•		c/p

U.S. banks

a

American Fletcher National Bank
111 Monument Circle, Indianapolis, Ind. 46277; (317) 639-8490

Fortune 1000 lockbox clients: 5.
Fortune 1000 disbursement clients: 5.
Fortune 1000 total clients: 10.
Financial services clients: 300.
Representative clients: Eli Lilly, RCA Corp.
Executive: R. Joseph Dennis, vice president.
Contact: Mr. Dennis.
American Fletcher National Bank is a member of the BankLink balance reporting network.

The treasury workstation was developed by ADP Network Services.

American Security Bank
1501 Pennsylvania Ave. N.W., Washington, D.C. 20013; (202) 624-1035

C.M. professionals: 5.
Executive: Richard Clarke, vice president.
Contact: Mr. Clarke.
American Security Bank is a member of the BankLink balance reporting network.
Its account reconciliation package was developed by Disc Inc. The treasury workstation is MicroCTS, developed by Capital Systems Group Inc.

AmeriTrust Co.
900 Euclid Ave., Cleveland, Ohio 44101; (216) 687-4219

C.M. professionals: 10.
Fortune 1000 lockbox clients: 100.
Fortune 1000 disbursement clients: 50.
Fortune 1000 total clients: 150.
Financial services clients: 10.
Representative clients: GM, GE, LTV Steel, Nationwide Insurance.
Executive: Donald G. Broomfield, vice president.
Contact: Mr. Broomfield.
AmeriTrust Co. operates a standalone lockbox processing facility in Cincinnati.
The bank uses the Interactive Data Corp. system for its balance reporting.
Its account reconciliation package was developed by Disc Inc.
Its treasury workstation was developed by Interactive Data.

AmSouth Bank
P.O. Box 11007, Birmingham, Ala. 35288; (205) 326-5758

C.M. professionals: 2.
Executive: David A. Simmons, manager-cash management department.
Contact: Cash Management Dept.
AmSouth Bank uses the NDC system for its balance reporting.
Its account reconciliation package was developed by Disc Inc.

b

BancOhio National Bank
155 E. Broad St., Columbus, Ohio 43265; (614) 463-8484

Special services: Deposit reconcilement, intraday balance reporting, payroll, cash concentration.
C.M. professionals: 15.
Executive: John J. Brennan, vice president.
BancOhio National Bank uses the ADP balance reporting network.
Its account reconciliation package was developed by Disc Inc. and its treasury workstation is MicroCTS, developed by Capital Systems Group.

Bank of America
P.O.Box 37000, San Francisco, Calif. 94109; (415) 953-4105

Special services: Account reconcilement (full/partial), deposit concentration and depository services (cash vault, commercial accounts).
C.M. professionals: 150.
Fortune 1000 lockbox clients: 900.
Fortune 1000 disbursement clients: 200.
Fortune 1000 total clients: 900.
Financial services clients: 100.
Representative clients: United Technologies, Equitable, Arco, Sears.
Executive: Thomas A. Cooper, executive vice president, Bank of America payments services.
Contact: James W. Putnam, vice president, sales and consulting.
Bank of America has stand-alone lockbox processing facilities in San Francisco, Los Angeles and Seattle. It plans to open a Boston site in August.
The bank uses its own system for its balance reporting.
The consulting group also does treasury reviews (domestic and international) and bank evaluations.
The bank developed its own account reconciliation system and treasury workstation.

Bank of Boston
100 Federal St., Boston, Mass. 02131; (617) 434-3870

C.M. professionals: 30.
Executive: Stephen J. MacQuarrie, first vice president.
Contact: Susan M. Rugnetta, assistant vice president.
Bank of Boston is a member of the ImageNet lockbox network.
The bank has its own balance reporting system. It has international lockboxing sites in London, Paris, Frankfurt, Luxembourg, Milan and Canada.
The account reconciliation package was developed by Disc Inc.

Bank of Delaware
300 Delaware Ave., Wilmington, Del. 19899; (302) 429-1287

C.M. professionals: 3.
Representative clients: Du Pont, W.L. Gore & Associates, Himont, Preston Trucking.
Executive: John A. McKenna, vice president.
Contact: Mr. McKenna.
Bank of Delaware uses the ADP Network Services system of balance reporting.
Its account reconciliation package was developed by Disc Inc.

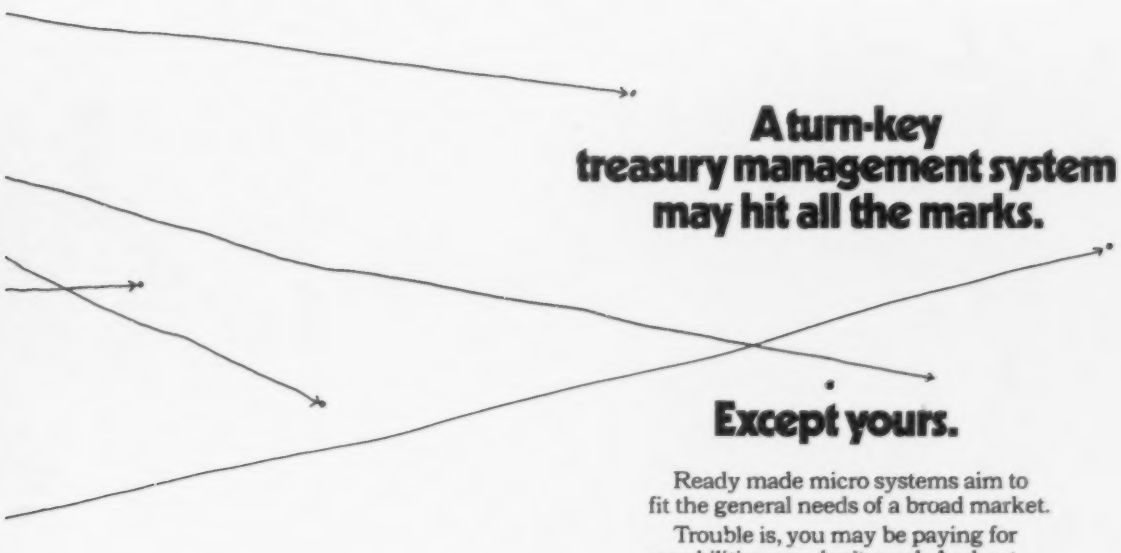
Bank of Hawaii
P.O. Box 2900, Honolulu, Hawaii 96846; (808) 537-8111

C.M. professionals: 4.
Financial services clients: 30.
Executive: Roy K. Amemiya Jr., manager-cash management department.
Bank of Hawaii is a member of the us$net lockbox network.
The bank is a member of the BankLink balance reporting network.
Its account reconciliation package was developed in-house.

Bank of New England
28 State St., Boston, Mass. 02106; (617) 973-6004

Special services: Complete payroll and human resource service.
C.M. professionals: 20.
Fortune 1000 lockbox clients: 359.
Fortune 1000 disbursement clients: 284.
Fortune 1000 total clients: 378.
Financial services clients: 15.
Executive: John R. Mutschler, vice president.
Contact: Mr. Mutschler.
Bank of New England is a member of the us$net lockbox network.
The bank uses the BankLink system for its balance reporting.
The consulting group does com-

The institutional brokerage survey will run Sept. 30.



A turn-key treasury management system may hit all the marks.

Except yours.

Ready made micro systems aim to fit the general needs of a broad market.

Trouble is, you may be paying for capabilities you don't need. And not getting some you do.

Alternative: consult Continental.

We don't try to lock you into any particular system. Don't have to. Our mainframe has one of the biggest capture and storage capacities in the business. And it can be accessed with almost any kind of micro system. Even one that uses inexpensive off-the-shelf software.

Our people show your people how to design a system you can call your own. How to program it. How to move data from our mainframe to your worksheets. In your format. With your micro.

You get precisely what you want. No more. No less.

And that's all you pay for. No more. No less.

So your treasury has more treasure to manage.

And you get a medal for marksmanship.

CONTINENTAL BANK

Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60697. G. William Marquardt, Vice President, (312) 828-7482

plete cash management analysis.

Its account reconciliation package was developed by Disc Inc. Its treasury workstation is offered in conjunction with BankLink and ICM.

The Bank of New York

48 Wall St., New York, N.Y. 10015; (212) 530-1748

Executive: W. Alden Anderson, senior vice president.
Contact: Mr. Anderson.

The Bank of New York operates its own regional lockbox network with stand-alone lockbox processing facilities in New York City, Harrison, N.Y., and Wilmington, Del.

The bank reports its balances both through ADP Network Services and an internally developed system.

It has its own account reconciliation package.

Its treasury workstation is MicroCTS, which was developed by Capital Systems Group.

Bank of Virginia

7 N. Eighth St., Richmond, Va. 23260; (804) 771-7000

Special services: Freight payment, paycheck plan.
C.M. professionals: 9.
Fortune 1000 lockbox clients: 3.
Fortune 1000 disbursement clients: 10.
Fortune 1000 total clients: 29.
Financial services clients: 17.
Representative clients: Best Products, Dominion Resources, Reynolds Metals.
Executive: Douglas T. Lubieoski, senior vice president.
Contact: Harold L. Hughey, vice president.

Bank of Virginia has a stand-alone lockbox processing facility in Springfield, Va.

The bank uses the BankLink system for its balance reporting.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation was developed by Arthur Young and Co.

Bank One, Dayton

Kettering Tower, Dayton, Ohio 45401; (513) 449-8648

Special services: MIS reporting and deposit reporting.
C.M. professionals: 4.
Fortune 1000 lockbox clients: 7.
Fortune 1000 disbursement clients: 15.
Fortune 1000 total clients: 30.
Financial services clients: 20.
Representative clients: NCR, Mead, DAYCO, Philips Industries.
Executive: A. Richard Parker, vice president.
Contact: Mr. Parker.

Bank One, Dayton has stand-alone lockbox processing facilities in Cleveland, Akron and Columbus, Ohio.

The bank uses the BankLink system for its balance reporting.

Terminal-initiated services not on the chart include ACH, treasury management and SWIFT.

Its lockbox/disbursement studies are based on the Focus and Duke models.

Its account reconciliation package was developed by Disc Inc. and its treasury workstation, by ADS Associates.

The Boatmen's National Bank of St. Louis

100 N. Broadway, Boatmen's Tower, St. Louis, Mo. 63102; (314) 425-7663

C.M. professionals: 3.
Executive: Allen J. Grieve, vice president, director of corporate services.
Contact: Mr. Grieve.

The Boatmen's National Bank of St. Louis has stand-alone lockbox processing facilities in Kansas City, Mo.

Terminal-initiated services not on the chart include ACH cash concentration and disbursement.

Its account reconciliation package was developed by Disc Inc.

Branch Banking and Trust Co.

P.O. Box 1847, Wilson, N.C. 27893; (919) 399-4527

C.M. professionals: 5.
Financial services clients: 500
Executive: George F. Markle, manager and vice president-cash management services.

Branch Banking and Trust Co. uses the ADP system for its balance reporting.

The consulting group offers on-site preliminary flow charting analysis.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation, by ADP Network Services.

Centerre Bank

1 Centerre Plaza, St. Louis, Mo. 63101; (314) 554-6906

C.M. professionals: 19.
Executive: George D. Horn, vice president.
Contact: Mr. Horn.

Centerre Bank is a member of the Imagenet lockbox network.

The bank has its own balance reporting system.

The consulting group offers cash concentration and micro system design.

Disc Inc. developed its account reconciliation system; its treasury workstation was developed in-house.

Central Bank of Denver

1515 Arapahoe St., Denver, Colo. 80292; (303) 893-3456

C.M. professionals: 3.
Financial services clients: 15.
Contact: Stephen P. Klekotka, assistant vice president, manager-corporate cash management services.
Representative clients: Public Service Co. of Colorado, Frontier Airlines, Jones InterCable, BA Mortgage & International Realty Co.

Central Bank of Denver is a member of the BankLink balance reporting network.

Its account reconciliation package was developed by Disc Inc.

Central National Bank

P.O. Box 6179, Cleveland, Ohio 44101; (216) 344-3000

C.M. professionals: 4.
Executive: James R. Flowers, vice president and manager.
Contact: James R. Rubenson, vice president.

Central National Bank uses the BankLink system for its balance reporting.

Its account reconciliation package was developed by Disc Inc.

Central National Bank & Trust Co. of Enid

P.O. Box 3448, Enid, Okla. 73702; (405) 233-3535

C.M. professionals: 4.
Executive: Charlene Smyly, vice president.

Central National Bank & Trust Co. of Enid is a member of the Security Pacific disbursement network.

The bank uses its own system for balance reporting.

Central National Bank also offers terminal-initiated research data — collected position.

Its account reconciliation package was developed in-house.

The Central Trust Co.

Central Trust Center, Cincinnati, Ohio 45202; (513) 651-8687

C.M. professionals: 3.
Fortune 1000 lockbox clients: 10.
Fortune 1000 disbursement clients: 12.
Fortune 1000 total clients: 20.
Financial services clients: 4.
Representative clients: Cargill, Cincinnati Bell, MCI, Procter & Gambel.
Executive: Ray D. Mallory, vice president.
Contact: James G. Hamberg, assistant vice president.

The Central Trust Co. uses the IDC system for its balance reporting.

Its account reconciliation package was developed in-house; its treasury workstation was designed by IDC.

The Chase Manhattan Bank

195 Broadway, 10th Floor, New York, N.Y. 10007; (212) 669-6040

Special services: Check safekeeping, simulated-voice balance notification, ACH point of sale/debit card transactions and customer-initiated entries, consulting, international studies and international customized treasury software.
C.M. professionals: 375.
Representative clients: W.R. Grace, Johnson & Johnson, Pfeizer, PepsiCo.
Executive: William J. Osterman, vice president.
Contact: Joseph J. Artus, vice president.

The Chase Manhattan Bank has its own lockbox network, Cheqnet, as well as stand-alone lockbox sites in Atlanta, New York, Chicago, Dallas and San Francisco.

The bank uses Infocash, its own balance reporting system. Terminal-initiated services not on the chart include regional balance reporter for domestic accounts, electronic funds transfer, current-day reporter, foreign exchange reporter and transfer, DTC reporter and target balance manager.

The bank offers overseas lockboxing sites on a case-by-case basis.

Disbursement is based on an in-house model.

Its account reconciliation package was developed by Disc Inc. and its treasury workstation by Integrated Cash Management in association with Chase.

Chemical Bank

380 Madison Ave., New York, N.Y. 10017; (212) 309-5639

Special services: Time-sharing based portfolio management system and debt management system.
C.M. professionals: 50.
Fortune 1000 lockbox clients: 125.
Executive: Peter Bartko, vice president.
Contact: Kay Shackleton, vice president.

Chemical Bank developed the BankLink balance reporting network and spun it off into a subsidiary this year.

The bank offers numerous on-line and PC-driven services.

Chemical has international lockboxing sites in Paris, Brussels, London and Frankfurt.

Its account reconciliation package was developed by Disc Inc.

Its treasury workstation was developed by ICM.

Citibank

399 Park Ave., New York, N.Y. 10043; (212) 559-0827

Special services: Citi-file, tax-filing service.
Executive: Garrett Goodbody, vice president.
Contact: Mr. Goodbody.

Beside those terminal-initiated services on the chart, Citibank also offers ACH, DTC and reconcilement adjustments.

Studies available include global and domestic treasury management reviews, back-office reviews, systems and information analysis consulting, concentration analysis and international netting.

The bank's account reconciliation and treasury workstation were developed in-house.

The Citizens and Southern National Bank

P.O. Box 4899, Atlanta, Ga. 30302-4899; (404) 581-3108

Special services: Preauthorized collections, corporate high speed deposits, check safekeeping, paid data transmission and freight payment services.

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Directory

C.M. professionals: 12.
Executive: H.B. (Rhen) Cain, executive vice president.
Contact: Joseph C. Webb, senior vice president.
The Citizens and Southern National Bank is a member of the Imagenet lockbox network.
The bank plans to open a stand-alone site in Florida and initiate a disbursement network in Florida and Georgia next year.
It uses the National Data Corp. system for its balance reporting. Terminal-initiated services not on the chart include ACH and concentration.
Its account reconciliation package was developed by Disc Inc.
Its treasury workstation was developed by IBM.

City National Bank
400 N. Roxbury Drive, Beverly Hills, Calif. 90210; (213) 480-7119

C.M. professionals: 15.
Executive: Robert C. Mizell Jr., vice president and manager.
Contact: Dolores Spasbo, vice president and manager-corporate services marketing.
City National Bank uses the BankLink system for its balance reporting. Terminal-initiated services not on the chart include investment rates, deposit reporting and float reporting.
Its account reconciliation package was internally developed.

Colorado National Banks
P.O. Box 5168, Denver, Colo. 80217; (303) 893-1862

C.M. professionals: 8.
Executive: David E. Skoglund, vice president and manager-cash management division.
Contact: Mr. Skoglund.
Colorado National Banks uses the NDC network for balance reporting.
Its account reconciliation package was developed in-house.

Commerce Bank of Kansas City
P.O. Box 248, Kansas City, Mo. 64141; (816) 234-2709

C.M. professionals: 5.
Fortune 1000 lockbox clients: 70.
Fortune 1000 disbursement clients: 10.
Fortune 1000 total clients: 25.
Executive: David L. Scott, vice president.
Contact: Mr. Scott.
Commerce Bank of Kansas City uses the BankLink system for its balance reporting. Terminal-initiated services not listed on the chart include transaction detail, cash concentration, lockbox reporting, balance history and wire transfers.
Its account reconciliation package was developed in-house and its treasury workstation, by BankLink and ICM.

Connecticut Bank and Trust
1 Constitution Plaza, Hartford, Conn. 06115; (203) 244-4991

Special services: Deposit tracking (reconciliation) for companies with multiple locations depositing into one account.
C.M. professionals: 19
Representative clients: Hartford Insurance Group.
Executive: Douglas Grover, vice president.
Contact: Donald Waggaman, assistant treasurer, at (203) 547-4148.
Connecticut Bank and Trust Co. has stand-alone lockbox processing facilities in Hartford and Stamford, Conn.
The bank uses the BankLink system for its balance reporting.
Its account reconciliation package was developed internally.

Connecticut National Bank
777 Main St., Hartford, Conn. 06115; (203) 728-2000

C.M. professionals: 25.
Fortune 1000 lockbox clients: 100 plus.
Fortune 1000 disbursement clients: 100 plus.
Executives: Pamela M. Drouin, vice president and manager-cash management sales; Stephen C. Holohan, vice president and manager-cash management services produce development.
Contact: Ms. Drouin.
Connecticut National Bank has its own national lockbox network.
It has stand-alone lockbox processing facilities in Hartford and Stamford, Conn.
The bank's account reconciliation package was developed in-house; its treasury workstation is MicroCTS, developed by Capital Systems Group.

Continental Bank
1201 Chestnut St., Philadelphia, Pa. 19107; (215) 564-7178

C.M. professionals: 3.
Representative clients: SILO, Day & Zimmerman, Kulicke & Soffa Industries, Haab Oil Co.
Executive: Thomas M. Mulhern, vice president.
Contact: Mr. Mulhern.
Continental Bank uses the ADP Network Services balance reporting network.
Its account reconciliation package was developed by Disc Inc.

Continental Illinois National Bank & Trust Co. of Chicago
231 S. LaSalle St., Chicago, Ill. 60697; (312) 828-3716

Special services: Terminal-based EFT advice.
C.M. professionals: 85.
Fortune 1000 lockbox clients: 700.
Fortune 1000 disbursement clients: 500.
Fortune 1000 total clients: 700.
Financial services clients: 200.
Executive: Charles A. Huston, vice president.
Contact: Mr. Huston.
Continental Illinois uses its own system for balance reporting. Terminal-initiated services not on the chart include corporate trade payments and universal payments.
The consulting group offers studies on concentration, cash flow forecasting, comprehensive, in-country and treasury automation review.
Its account reconciliation package was developed in-house.

d

Delaware Trust Co.
900 Market St., Wilmington, Del. 19801; (302) 421-7451

C.M. professionals: 3.
Executive: Kemp A. Wright, vice president.
Contact: Mr. Wright.

Pensions & Investment Age's annual survey of corporate cash managers will be published Aug. 19.

Deposit Guaranty National Bank
1 Deposit Guaranty Plaza, Jackson, Miss. 39201; (601) 354-8211

Special services: Automated payroll services.
C.M. professionals: 3.
Executive: Alan Walters, vice president.
Contact: Jill M. Rushing, assistant vice president; John R. Fraiser, corporate services officer.
Deposit Guaranty National Bank uses the NDC system for its balance reporting.

e

Equitable Bank
100 S. Charles St., Baltimore, Md. 21201; (301) 547-4160

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Special services: Freight payment and payroll.
C.M. professionals: 9.
Executive: Thomas L. LeCain, vice president.
Contact: Mr. LeCain.
Equitable Bank uses the BankLink system for its balance reporting.
Its account reconciliation package was developed by Disc Inc.

f

The Fifth Third Bank
38 Fountain Square Plaza, Cincinnati, Ohio 45263; (513) 579-4163

C.M. professionals: 5.
Executive: James L. Doepker, assistant vice president.
Contact: Mr. Doepker.
The Fifth Third Bank uses the IDC system for its balance reporting. Terminal-initiated services not listed on the chart include ACH debits/credits.
The bank has an international lockboxing site in Toronto.
Its account reconciliation package was developed by Disc Inc.

First American National Bank
First American Center, Nashville, Tenn. 37237; (615) 748-2930

C.M. professionals: 9.
Executive: Tipton H. Evans, vice president.
Contact: Mr. Evans.
First American National Bank also has stand-alone lockbox processing facilities in Memphis, Knoxville and Kingsport, Tenn.
The bank uses the IDC system for its balance reporting.
Its account reconciliation package was developed by Disc Inc.

First City Bank of Dallas
First City Center, P.O. Box 661700, Dallas, Texas 75266-1700; (214) 939-8157

C.M. professionals: 8.
Fortune 1000 lockbox clients: 20.
Fortune 1000 disbursement clients: 8.
Fortune 1000 total clients: 45.
Financial services clients: 5.
Executive: Richard F. Hickman, senior vice president.
Contact: James G. Stokes, vice president.
First City Bank of Dallas has stand-alone lockbox processing facilities in Houston and Austin, Texas.
The bank uses its own system for balance reporting.
Its account reconciliation package was developed by Disc Inc., its treasury workstation by Chemical.

First Fidelity Bank, New Jersey
550 Broad St., Newark, N.J. 07192; (201) 565-3387

C.M. professionals: 12.
Fortune 1000 lockbox clients: 50.
Fortune 1000 disbursement clients: 50.
Fortune 1000 total clients: 100.
Financial services clients: 20.
Executive: Robert L. Verderame, senior vice president.
Contact: Mr. Verderame.
First Fidelity Bank, New Jersey is a member of the Chemlink balance reporting network.

First Florida Banks
P.O. Box 1810, 111 Madison St., Tampa, Fla. 33601; (813) 224-1111

C.M. professionals: 4.
Financial services clients: 70.
Representative clients: General Electric, General Telephone, Conagra, Maas Bros.
Executive: Clint H. Monts de Oca, vice president.
Contact: Corporate Services Dept. at (813) 224-1425.
First Florida Banks uses the IDC system for its balance reporting.
The bank's account reconciliation package was developed by Disc Inc.; its treasury workstation by IDC.

First Interstate Bank Ltd.
707 Wilshire Blvd. W28-9, Los Angeles, Calif. 90017; (213) 614-3874

Special services: First Interstate cash concentrators.
C.M. professionals: 50.
Fortune 1000 lockbox clients: 150.
Fortune 1000 disbursement clients: 150.
Fortune 1000 total clients: 300.
Financial services clients: 200.
Executive: Russell K. Snow Jr., senior vice president-corporate services.
Contact: Jan R. Cloyde, vice president and manager-cash management sales.
First Interstate Bank Ltd. has its own lockbox network. Singapore, Tokyo, Madrid, London, Seoul, Vancouver and Toronto are its overseas lockboxing sites.
It uses the BankLink system for its balance reporting.
Its account reconciliation package was developed by Disc Inc. and its treasury workstation by ADS Associates.

First Interstate Bank of Oregon
P.O. Box 3131, Portland, Ore. 97208; (503) 225-7059

Special services: Cash concentrator, truncation.
C.M. professionals: 7.
Executive: Charles Stuart, vice president and manager-cash management services.
Contact: Jeanne Rohlf, consulting manager.
First Interstate banks operate their own lockbox and disbursement networks with stand-alone lockbox processing facilities in Portland, Seattle, San Francisco, Los Angeles, Reno, Las Vegas, Boise, Salt Lake City, Phoenix and Denver.
The bank uses the BankLink balance reporting system.
The bank has international lockboxing sites in Canada and Tokyo.
The consulting group offers general cash management studies and responses to outside requests for proposals.
Its account reconciliation package was developed by Disc Inc.; its treasury workstation, by ADS Associates.

First Interstate Bank of Utah
180 S. Main St., Salt Lake City, Utah 84142; (801) 350-7701

Special services: Multistate automated cash concentration.
C.M. professionals: 3.
Fortune 1000 lockbox clients: 5.
Fortune 1000 total clients: 5.
Financial services clients: 1.
Executive: John E. Day, vice president and manager.
Contact: Mr. Day.
First Interstate Bank of Utah is a member of the First Interstate lockbox network.
The bank uses the BankLink system for its balance reporting. It has international lockboxing sites in Hong Kong, London, Madrid, Manila, Seoul, Singapore, Taipei, Tokyo, Toronto and Vancouver.
Its account reconciliation package was developed by Disc Inc.; its treasury workstation, by ADS Associates.

First Interstate Bank of Washington
P.O. Box 160, Seattle, Wash. 98104; (206) 292-3611

C.M. professionals: 6.
Executive: Donovan E. Olson, senior vice president and manager.
Contact: Jonelle M. Carr and Kathy Mather, assistant vice presidents.
First Interstate Bank of Washington is a member of the First Interstate lockbox network. It has an overseas lockbox site in London.
The bank uses the BankLink system for its balance reporting.
It also offers terminal-initiated internal transfers.
The bank's account reconciliation package was developed by Disc Inc.

its treasury workstation, by ADS Associates.

First National Bank in Albuquerque

P.O. Box 1305, Albuquerque, N.M. 87103; (505) 765-4190

C.M. professionals: 3.
Fortune 1000 lockbox clients: 1.
Fortune 1000 disbursement clients: 3.
Fortune 1000 total clients: 7.
Representative clients: Public Service Co. of N.M., State of N.M., Smiths.
Executive: Fred M. Spuhler, senior vice president.
Contact: Mr. Spuhler.

First National Bank in Albuquerque uses both the NDC system and an in-house developed system for balance reporting. Terminal-initiated services not listed on the chart are on-line statement inquiry and account-to-account transfers.

The First National Bank of Atlanta

2 Peachtree St. N.W., MC204, Atlanta, Ga. 30383; (404) 588-5789

Special services: Weekend concentration, freight payments, First Word and Cash Management Forum (publications), pre-encoded deposits and seminars.
C.M. professionals: 17.
Fortune 1000 lockbox clients: 114.
Fortune 1000 disbursement clients: 95.
Fortune 1000 total clients: 320.
Financial services clients: 59.
Executive: Donald M. MacLeod, vice president and manager-cash management division.
Contact: Mr. MacLeod.

The First National Bank of Atlanta uses the BankLink system for its balance reporting.

The consulting group offers critiques of studies and internal consulting.

Its account reconciliation package was developed by Disc Inc.

The First National Bank of Chicago

1 First National Plaza, Chicago, Ill. 60670; (312) 732-4000

Special services: Comtrac-freight payment, payroll services and corporate securities.
Fortune 1000 lockbox clients: 300.
Fortune 1000 disbursement clients: 500.
Fortune 1000 total clients: 750.
Financial services clients: 100.
Executive: Scott Bates, vice president.

The First National Bank of Chicago provides its own nationwide lockbox network with stand-alone lockbox processing facilities in New York/Newark, N.J.; Los Angeles/Pasadena, Calif.; Atlanta, Dallas and Chicago.

The bank uses its own system of balance reporting.

The consulting group also offers opportunity audits, bank evaluation/implementation and treasury management information systems.

The bank purchased the source code for Future Technologies' treasury workstation and reconfigured the software into FirstManager.

First National Bank of Maryland

P.O. Box 1596, Baltimore, Md. 21203; (301) 244-3890

C.M. professionals: 19.
Executive: J. William Murray, senior vice president.
Contact: Margaret E. Breeden, vice president.

First National Bank of Maryland is a member of the us$net lockbox network. It has stand-alone lockbox processing facilities in Washington, D.C.

The bank uses the BankLink system for its balance reporting.

Its account reconciliation package was developed in-house. First Maryland distributes the MicroCTS treasury workstation from Capital Systems Group.

First National Bank of Omaha

1 First National Center, Omaha, Neb. 68134; (402) 341-0500, ext. 2413

Special services: Payable through drafts, drawdowns, serial sorting of checks, depository transfer service.
C.M. professionals: 2.
Fortune 1000 disbursement clients: 1.
Fortune 1000 total clients: 2.
Financial services clients: 23.
Representative clients: Bozell & Jacobs, Blue Cross Blue Shield, Federal Intermediate Credit Banks, Mutual of Omaha.
Executive: Deb Yaley, manager.
Contact: Ms. Yaley.

First National Bank of Omaha uses the IDC system for balance reporting. Terminal-initiated services not on the chart include lead bank reporter, depository transfer reporter, bank balance reporter, repetitive money transfer.

Its lockbox/disbursement studies are based on the Phoenix-Hecht Lockbox Evaluator and Postal Survey and the Valutech Disbursement Study.

Its account reconciliation package was developed by Disc Inc.

First Union National Bank

301 S. Tryon St., Charlotte, N.C. 28288; (704) 374-6430

Special services: Freight payment program.
C.M. professionals: 20.
Fortune 1000 lockbox clients: 100.
Fortune 1000 disbursement clients: 200.
Fortune 1000 total clients: 400.
Financial services clients: 11.
Executive: James Hicks, vice president.
Contact: Mr. Hicks.

First Union National Bank uses the ADP system for its balance reporting.

Its consulting group offers treasury systems analysis.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation is MicroCTS from Capital Systems Group.

First Wisconsin National Bank of Milwaukee

777 E. Wisconsin Ave., Milwaukee, Wis. 53202; (414) 765-5317

C.M. professionals: 10.
Representative clients: Northwestern Mutual Life, A.O. Smith, Universal Foods.
Executive: Virginia S. Hollis, vice president.
Contact: Ms. Hollis.

First Wisconsin National Bank of Milwaukee uses both the ADP and IDC systems for its balance reporting. Terminal-initiated services not on the chart include check inquiry, money market rates and economic commentary.

Its account reconciliation system is its own; the treasury workstation is from ADP Network Services.

Fleet National Bank

111 Westminster St., Providence, R.I. 02903; (401) 278-5522

C.M. professionals: 7.
Fortune 1000 disbursement clients: 2.
Fortune 1000 total clients: 3.
Executive: LuAnn Loeber, vice president and manager-corporate cash management.
Contact: Scott W. Fuller, vice president and manager corporate cash management-marketing/sales.

Fleet National Bank uses the IDC system for its balance reporting.

Its account reconciliation package was developed in-house.

Florida National Bank

214 Hogan St., Jacksonville, Fla. 32231; (904) 359-5042

Special services: Single statewide depository services.
C.M. professionals: 12.
Fortune 1000 lockbox clients: 3.
Fortune 1000 disbursement clients: 3.
Fortune 1000 total clients: 12.
Financial services clients: 25.
Representative clients: St. Joe Paper, Florida Power, City of Jacksonville, Alliance Mortgage.
Executive: J. Stewart Baker, vice president cash management.
Contact: Mr. Baker.

Florida National Bank uses the BankLink system for its balance reporting.

The bank's account reconciliation package was developed by Disc Inc.; its treasury workstation, through BankLink.

Fourth National Bank & Trust

P.O. Box 4, Wichita, Kan. 67201; (316) 261-4379

C.M. professionals: 4.
Fortune 1000 lockbox clients: 4.
Fortune 1000 disbursement clients: 5.
Fortune 1000 total clients: 7.
Executive: Gary F. Austin, marketing officer and manager-cash management systems.
Contact: Mr. Austin.

Fourth National Bank & Trust Co. uses the BankLink system for its balance reporting.

Its account reconciliation package was developed in-house.

Frost National Bank

100 W. Houston, San Antonio, Texas 78296; (512) 220-5762

C.M. professionals: 3.
Fortune 1000 lockbox clients: 2.
Fortune 1000 total clients: 9.
Financial services clients: 12.
Executive: Tom Frost III, vice president.
Contact: Mr. Frost.

h

Harris Bank

111 W. Monroe, Chicago, Ill. 60690; (312) 461-2121

C.M. professionals: 52.
Fortune 1000 lockbox clients: 250.
Fortune 1000 disbursement clients: 50.
Financial services clients: 15.
Representative clients: American Hospital, Dun & Bradstreet, American Express, Motorola.
Executive: Roger A. Molzahn, senior vice president.
Contact: Mr. Molzahn.

Harris Bank is a member of the Imagenet lockbox network.

The bank uses the BankLink system for its balance reporting.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation was created in conjunction with ICM and BankLink.

Huntington National Bank

41 S. High St. HC 830, Columbus, Ohio 43260; (614) 463-3816

C.M. professionals: 9.
Fortune 1000 lockbox clients: 26.
Fortune 1000 disbursement clients: 22.
Fortune 1000 total clients: 55.
Financial services clients: 125.
Executive: Penny Bach, vice president.
Contact: Ms. Bach.

Huntington National Bank uses the NDC system for its balance reporting. The bank's account reconciliation package was developed in-house.

i

Indiana National Bank

1 Indiana Square, Indianapolis, Ind. 46266; (317) 266-6525

C.M. professionals: 4.
Representative clients: Bindley Western Industries, Inland Container, Bridgeport Brass, RCA.
Executive: Deborah Alexander, vice president.
Contact: Ms. Alexander.

Indiana National Bank uses the NDC system for its balance reporting.

Its account reconciliation package was developed in-house.

Industrial Valley Bank

1700 Market St., Philadelphia, Pa. 19103; (215) 496-4000

C.M. professionals: 5.
Executive: Robert I. Blanchard, regional vice president.
Contact: James F. Quinlan, assistant vice president.

Industrial Valley Bank uses the ADP Network Services' system for its balance reporting.

Its account reconciliation package was developed by Disc Inc.

InterFirst Bank Houston

P.O. Box 2555, Houston, Texas 77252-2555; (713) 652-6211

C.M. professionals: 3.
Executive: Jerry M. Moyer, vice president-subgroup manager.
Contact: Mr. Moyer.

InterFirst Bank Houston is a member of the InterFirst lockbox network. It also has stand-alone lockbox processing facilities in Dallas.

The bank uses its own system of balance reporting.

InterFirst Bank Houston offers full cash consulting services.

Its account reconciliation package was developed by Disc Inc.

Irving Trust

1 Wall St., New York, N.Y. 10015; (212) 815-6300

C.M. professionals: 35.
Executive: Kenneth Soldwedel, vice president and manager.
Contact: Mr. Soldwedel.

Irving Trust has stand-alone lockbox processing facilities in Newark, N.J.

The bank uses its own system of balance reporting. Terminal-initiated services not on the chart include custody reporting.

The consulting group offers diagnostic studies.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation was developed in-house.

l

Liberty National Bank & Trust Co. of Louisville

416 W. Jefferson St., Louisville, Ky. 40202; (502) 566-2490

C.M. professionals: 5.
Financial services clients: 50.
Representative clients: Dairymen, Blue Cross-Blue Shield, Stewart's, Jefferson County.
Executive: John D. Sweeney, senior vice president.
Contact: Mr. Sweeney.

Liberty National Bank & Trust uses the NDC system for its balance reporting.

Terminal-initiated services not on the chart include treasury management software.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation, by NDC.

Lloyds Bank California

612 S. Flower St., H12-14, Los Angeles, Calif. 90017; (213) 613-3874

C.M. professionals: 25.
Fortune 1000 lockbox clients: 27.
Fortune 1000 disbursement clients: 22.
Fortune 1000 total clients: 7.
Financial services clients: 25.
Representative clients: Crown-Zellerbach, Ford Motor Credit, Pac-Tel, First Grayline.
Executive: Fred C. Helms, vice president and director.
Contact: Beatrice Jones, vice president.

Lloyds Bank California uses the NDC system for its balance reporting.

The bank has international lockboxing sites in more than 48 countries.

Disc Inc. developed the bank's account reconciliation system; its treasury workstation was privately contracted.

m

Manufacturers Hanover Trust

270 Park Ave., New York, N.Y. 10017; (212) 286-7335

Special services: Records management, global account reporting, account replenishment (ACH), air express remittance.
C.M. professionals: 212.
Executive: Richard J. Matteis, senior vice president.
Contact: James Witkins, vice president, at (212) 808-0264.

Manufacturers Hanover Trust Co. is a member of the us$net lockbox network and the Security Pacific disbursement network.

It uses its own system for balance reporting.

The bank has international lockboxing sites in London, Frankfurt and Toronto.

The consulting group provides customized work including corporate-wide treasury systems studies.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation, by MH Financial Management Systems, a wholly owned subsidiary.

Manufacturers National Bank of Detroit

Tower-Renaissance Center, Detroit, Mich. 48243; (313) 222-4454

Special services: U.S. savings bonds issuance.
C.M. professionals: 8.
Fortune 1000 lockbox clients: 45.
Fortune 1000 disbursement clients: 23.
Fortune 1000 total clients: 68 plus.
Financial services clients: 11.
Representative clients: Ford, National Steel, Ogden American, Detroit Edison.
Executive: Thomas B. Craigie, vice president and senior corporate services officer.
Contact: Malcolm A. MacKay, second vice president.

Manufacturers National Bank of Detroit uses the BankLink system for its balance reporting.

Disc Inc. developed the bank's account reconciliation system.

Marine Bank

P.O. Box 2033, Milwaukee, Wis. 53201; (414) 765-2814

Executive: Joseph P. Pavlik, vice president.
Contact: Thomas R. Gerdes, assistant vice president.

Marine Bank uses the BankLink system for its balance reporting.

Its account reconciliation package was developed by Disc Inc.

MBank Austin

P.O. Box 2266, Austin, Texas 78780; (512) 479-5400

C.M. professionals: 4.
Fortune 1000 lockbox clients: 1.
Fortune 1000 disbursement clients: 1.
Fortune 1000 total clients: 1.
Financial services clients: 40.
Executive: John Roan, executive vice president.
Contact: Susan Frapart, assistant vice president.

MBank Austin uses the BankLink system for its balance reporting.

Its account reconciliation package was developed by Disc Inc.

MBank Dallas
P.O. Box 225415, Dallas, Texas 75265; (214) 698-6565

C.M. professionals: 20.
Fortune 1000 lockbox clients: 87.
Fortune 1000 disbursement clients: 14.
Fortune 1000 total clients: 310.
Representative clients: Fidelity Investments, Trailways, Mobil, Integrated Resources.
Executive: Thomas J. Lupinacci, senior vice president.
Contact: Mr. Lupinacci.

MBank Dallas has stand-alone lockbox processing facilities in Houston, El Paso and Austin, Texas.

The bank uses the BankLink system for its balance reporting.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation, by MTech.

Mellon Bank
Mellon Square, Pittsburgh, Pa. 15230; (412) 234-5860

Executive: Theodore M. Mertz, vice president.
Contact: Ed Pierson, vice president.

Mellon Bank has stand-alone lockbox processing facilities in Pittsburgh, Philadelphia, Chicago, Dallas, Los Angeles and Boston.

It uses its own balance reporting system. Terminal-initiated services not on the chart include COF.

The bank has international lockboxing sites in London and Toronto.

Its treasury workstation was developed in-house.

Mercantile Trust Co.
8th & Locust, P.O. Box 524, St. Louis, Mo. 63166; (314) 425-8366

C.M. professionals: 13.
Fortune 1000 lockbox clients: 60.
Fortune 1000 disbursement clients: 40.
Fortune 1000 total clients: 150.
Executive: Leo M. Malone, senior vice president.

Mercantile Trust Co. has stand-alone lockbox processing facilities in St. Louis and Kansas City, Mo.

The bank uses the NDC Cash Exchange system for its balance reporting.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation is MicroCTS from Capital Systems Group.

Merchants National Bank
1 Merchants Plaza, Indianapolis, Ind. 46255; (317) 267-7572

C.M. professionals: 6.
Financial services clients: 10.
Representative clients: Indiana Dept. of Revenue, Associated Dry Goods, Indianapolis Colts, Indiana Farm Bureau Corp.
Executive: Laura A. Bonsett, vice president.
Contact: Ms. Bonsett.

Merchants National Bank uses the BankLink system for its balance reporting.

The bank's account reconciliation package was developed by Disc, Inc.

Meridian Bancorp Inc.
P.O. Box 1102, Reading, Pa. 19603; (215) 320-2906

Special services: Lockbox data transmission, automatic payback (to line of credit), check truncation, preencoded deposits, bulk cash processing, correspondent banking, over-the-counter utility payments.
C.M. professionals: 12.
Fortune 1000 clients: 26.
Executive: Leonard J. Keating Jr., senior vice president.
Contact: Christine A. Kline, assistant vice president.

Meridian Bancorp Inc. has stand-alone lockbox processing facilities in Reading and Philadelphia.

The bank uses the IDC system for its balance reporting.

Terminal-initiated services not on the chart include depository transfers.

The consulting group offers cash concentration and cash management system design.

Its account reconciliation package was developed by Disc Inc.

Pensions & Investment Age's directory of investment management consultants will run Nov. 25.

Michigan National Bank of Detroit
100 N. Crooks, Clawson, Mich. 48017; (313) 280-6200

Executive: John P. Finerty, group vice president.
Contact: Douglas F. Lenehan, vice president.

Michigan National Bank of Detroit uses the ADP system for its balance reporting.

Its treasury workstation is MicroCTS, developed by Capital Systems Group.

M&I Marshall & Ilsley Bank
770 N. Water St., Milwaukee, Wis. 53202; (414) 765-7957

Special services: payroll.
C.M. professionals: 6.
Executive: Rick S. Haagensen, vice president-corporate services.
Contact: Mr. Haagensen.

M&I Marshall & Ilsley Bank uses its own and ADP Network Services' systems for balance reporting. Terminal-initiated services not on the chart include same-day lockbox detail and current investment rates. Its lockbox/disbursement studies are a combination of its own and Phoenix-Hecht. Its account reconciliation package was developed in-house.

Morgan Bank
23 Wall St., New York, N.Y. 10015; (212) 483-2785

Special services: Commercial paper issuance.
Fortune 1000 disbursement clients: 201.
Fortune 1000 total clients: 400.
Financial services clients: 125.
Executive: W.P. Garry, vice president.
Contact: M.J. Tilmant, vice president.

Morgan Bank uses its own system for balance reporting. Terminal-initiated services not on the chart include netting and foreign exchange.

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National Bank of Commerce of San Antonio
430 Soledad, San Antonio, Texas 78205; (512) 229-2382

Special services: Automated accounting services through ADP.
C.M. professionals: 2.
Financial services clients: 6.
Representative clients: Diamond-Shamrock, H.B. Zachry, Rogers Cable Systems, Target Stores.
Executive: Edwin E. "Gene" Clarke Jr., vice president.
Contact: Karen R. McGough, assistant vice president.

National Bank of Commerce of San Antonio uses the NDC Cash Exchange system for its balance reporting.

Its account reconciliation package was developed in-house; its treasury workstation, by NDC.

National Bank of Detroit
611 Woodward, Detroit, Mich. 48226; (313) 225-1000

C.M. professionals: 34.
Executive: Charles G. Raphael.
Contact: Peter J. Stein.

National Bank of Detroit has a stand-alone lockbox processing facility in Toronto.

Its account reconciliation package was developed by Disc Inc; its treasury workstation was designed in-house.

How Crocker Bank easily fit an integrated collection system to the needs of Levi Strauss & Co.

In putting together an integrated collection system for Levi Strauss & Co., Crocker demonstrated a capability unique among California banks. Crocker enables Levi's to receive both electronic Corporate Trade Payments (CTPs) and its regular check payments directly into Levi's Crocker lockbox. Crocker then consolidates the two sets of data into one electronic transmission for quick application to Levi's receivables system. Corporate Trade Payments are credited to Levi's accurately and efficiently, improving Levi's cash forecasting ability.

"Crocker worked very closely with our accounts receivable staff," says Ronald Kerns, Asst. Treasurer of Levi Strauss & Co. Crocker's electronic lockbox service reformatted all invoice information which simplified the interface with Levi's system. "It allowed us to convert to CTPs in less than three months."

Crocker adapts its services to the needs of its corporate customers so that major reprogramming can be avoided. With minimum adjustment on your part, you can use our Corporate Trade Payments and other services to help improve your firm's cash management.

We'd like to show you how Crocker can easily fit a cash management system to your needs. For more information, in Northern California, call Ray Souza at (415) 983-3256. In Southern California, call Hugh Hinds, at (213) 253-6281. They can get you the services that meet your needs.

Crocker Bank

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Directory

National Bank of Georgia
2000 River Edge Parkway, Atlanta, Ga. 30328; (404) 951-4530

C.M. professionals: 8.
Financial services clients: 250.
Executive: B.P. Fulmer, group vice president.
Contact: Robin Sterling, senior cash management consultant; Nancy Blake, cash management consultant.
National Bank of Georgia uses IDC for balance reporting.
Its account reconciliation package was developed by Weyland; its treasury workstation, by IDC.

National Processing Co. Inc.
1231 Durrett Lane, Louisville, Ky. 40285-0001; (502) 364-2080

Special services: Merchant bankcard processing, travelers check processing.
C.M. professionals: 7.
Fortune 1000 lockbox clients: 75.
Fortune 1000 total clients: 26.
Financial services clients: 48.
Representative clients: General Electric, R.H. Macy, Montgomery Ward, Southland.
Contact: William M. Schutz, director-sales and marketing.
National Processing Co. Inc., an affiliate of First National Bank of Louisville, has its own lockbox network with stand-alone sites in Louisville, Phoenix and Dallas.
The firm uses the IDC system for its balance reporting.
Its account reconciliation package was developed by Disc Inc.; its treasury workstation, by IDC.

NCNB National Bank of Florida
600 N. Florida Ave., Tampa, Fla. 33602; (813) 224-5454

C.M. professionals: 8.
Representative clients: Equitable National Mortgage, Racal-Milgo, Tampa Electric Co., John Alden Insurance.
Executive: Trudy C. Nix, vice president.
Contact: Rubye Rollins, vice president, in Fort Lauderdale, or Norfleet Stallings, cash management officer, in Tampa.
NCNB National Bank of Florida has stand-alone lockbox processing facilities in Tampa, Fla. and Charlotte, N.C.
The bank uses the BankLink system for its balance reporting.
Terminal-initiated services not on the chart include ACH credits.
The bank's account reconciliation package was developed by Disc Inc. and its treasury workstation, by ADS Associates.

NCNB National Bank of North Carolina
1 NCNB Plaza, Charlotte, N.C. 28255; (704) 374-5698

Special services: Freight payment, deposit reconciliation, corporate cashletter service.
C.M. professionals: 27.
Representative clients: Apple Computer, Exxon, H.J. Heinz, Associates Corp. of North America.
Executive: Harry D. LeTourneau Jr., senior vice president.
Contact: Robert Gant and Robert Warfield, vice presidents.
NCNB National has stand-alone lockbox processing facilities in Charlotte and Tampa, Fla.
The bank is a member of the Security Pacific Payment Network.
It uses the BankLink system for its balance reporting. Terminal-initiated services not on the chart include ACH credits.
The consulting group offers treasury management studies and audits.
The bank's account reconciliation package was developed by Disc Inc., its treasury workstation by ADS Associates.

Norstar Bank of Maine
449 Congress St., Portland, Maine 04101; (207) 773-7600

Financial services clients: 2.
Contact: Susan M. Lamarre, cash management officer, or Margaret Heath, assistant vice president-trust officer.
Norstar Bank of Maine's account reconciliation package was developed by Disc Inc.

The Northern Trust Bank
50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

Special services: Micrecon, which is PC-based reconcilement software; ACH-initiation software, which includes corporate trade payments facility; automated merging of lockbox remittance and corporate trade payment data.
C.M. professionals: 60.
Fortune 500 lockbox clients: 147.
Fortune 500 disbursement clients: 76.
Fortune 500 total clients: 170.
Executive: Joseph M. Jarosz, senior vice president.
Contact: Maureen H. Keane, vice president.
The Northern Trust Bank uses its own balance reporting system.
The bank has international mail intercept capabilities in London and Toronto.
The bank has a PC-based LBX study capability, and also features corporate trade payment consulting.
Both the bank's account reconciliation software and its treasury workstation were developed in-house.

O

Old Kent Bank & Trust Co.
P.O. Box 100, Grand Rapids, Mich. 49501; (616) 774-5509

Special services: Corporate financial forecasting model.
C.M. professionals: 2.
Executive: David W. Lubbers, vice president.
Contact: Larry A. Pinckney, assistant vice president.
Old Kent Bank & Trust Co. uses the IDC system for its balance reporting.
The bank uses the account reconciliation package by Disc Inc.

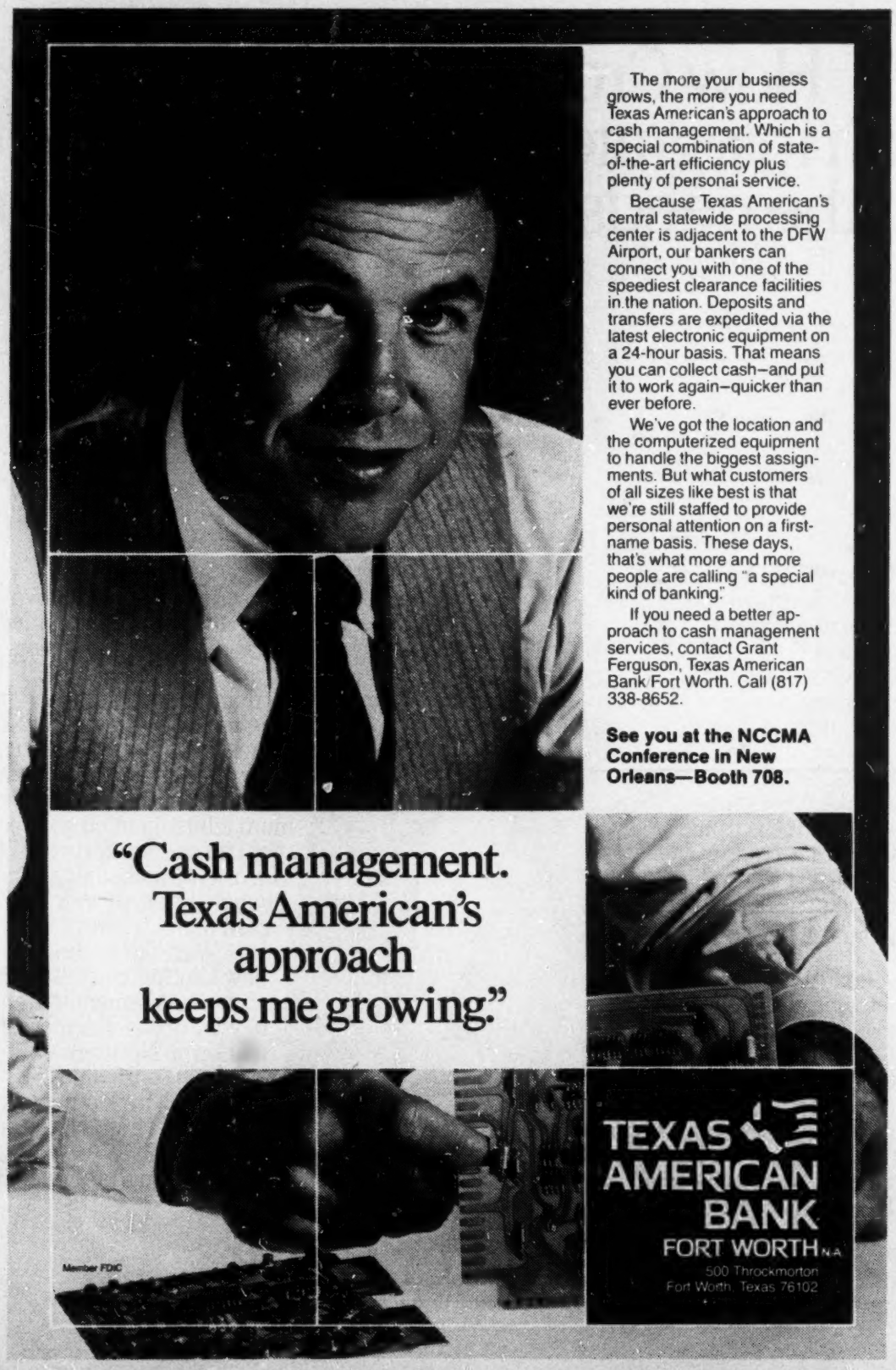
Omaha National Bank
17th and Farnam, Omaha, Neb. 68102; (402) 348-6394

C.M. professionals: 3.
Fortune 1000 lockbox clients: 7.
Fortune 1000 disbursement clients: 5.
Financial services clients: 5.
Representative clients: Mutual of Omaha, Union Pacific Railroad, U S WEST, Nucor Steel.
Executive: Richard D. Nelson, manager-corporate and financial services.
Contact: Jerry J. Sysio, cash management sales representative.
Omaha National Bank uses the BankLink system for its balance reporting.
The bank's lockbox studies are based on the MRS model by UCC.
It developed its own account reconciliation system.

P

Philadelphia National Bank
P.O. Box 7618, Philadelphia, Pa. 19101; (215) 629-3100

Special services: Data transmission/consolidation, freight bill payment, bulk cash processing.
C.M. professionals: 53.
Fortune 1000 lockbox clients: 376.
Fortune 1000 disbursement clients: 195.
Fortune 1000 total clients: 454.
Financial services clients: 100.
Representative clients: Sun Co., Penn Mutual Life, Prudential Insurance, ARA Services.
Executive: Percival B. Moser III, se-



nior vice president.

Contact: Neil A. Leary, vice president.

Philadelphia National Bank is a member of the Imagenet lockbox network.

The bank uses the BankLink system for its balance reporting. Terminal-initiated services not on the chart include DTCs, one-day ACH credits and securities movement.

The bank has overseas lockboxing sites in London and Sydney.

The consulting group also offers studies on bank balance management, full cash management and international receivables.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation is MicroCTS from Capital Systems Group.

Pittsburgh National Bank

Fifth & Wood St., Pittsburgh, Pa. 15265; (412) 355-2858

C.M. professionals: 35.
Fortune 1000 lockbox clients: 100.
Fortune 1000 disbursement clients: 75.
Fortune 1000 total clients: 250.
Financial services clients: 20.
Representative clients: Exxon, Arco, Westinghouse, PepsiCo.
Executive: Robert D. Edwards, vice president and manager-cash management group.
Contact: Mr. Edwards.

Pittsburgh National Bank is a member of the AccelaNet lockbox network.

For balance reporting, it uses the BankLink system.

The bank's consulting group offers treasury systems consulting and corporate trade payments conversion.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation, by ADS Associates.

r

Rainier Bank

600 University P.O. Box 3966, Seattle, Wash. 98124; (206) 621-4326

C.M. professionals: 9.
Executive: James B. Pellegrino, vice president and manager.
Contact: Mr. Pellegrino.

Rainier Bank is a member of the us$net lockbox network and has a stand-alone site in Anchorage, Alaska.

The bank uses the ADP system for its balance reporting. Terminal-initiated services not on the chart include investments.

The bank has an overseas lockboxing site in the Pacific Rim.

Its lockbox/disbursement studies are based on the Duke model. The consulting group also offers deposit studies and float (deposit).

Its account reconciliation package was developed by Disc Inc., its treasury workstation by Capital Systems Group.

RepublicBank Houston

P.O. Box 299001, Houston, Texas 77299; (713) 247-6052

C.M. professionals: 6.
Executive: Stephen E. Utterback, vice president.
Contact: Mr. Utterback.

RepublicBank Houston is a member of the Imagenet lockbox network.

The Payment Network handles the bank's disbursements.

For balance reporting, it uses the ADP system.

Its account reconciliation package was developed by Disc Inc. and its treasury workstation, by ADS Associates.

S

Seattle-First National Bank

P.O. Box 3586, Seattle, Wash. 98124; (206) 442-3278

C.M. professionals: 18.
Fortune 1000 lockbox clients: 95.
Fortune 1000 disbursement clients: 30.
Fortune 1000 total: 250.
Financial services clients: 10.
Executive: David Boyles, vice president and manager.
Contact: Joan Entiknap.

Seattle-First is a member of the NDC balance reporting network.

The bank's account reconciliation software was developed by Disc Inc.

The treasury workstation was developed in-house.

Security Pacific National Bank

333 S. Hope St., Los Angeles, Calif. 90071; (213) 613-5267

C.M. professionals: 50.
Fortune 1000 lockbox clients: 400.
Fortune 1000 disbursement clients: 500.
Fortune 1000 total clients: 700.
Financial services clients: 200.
Executive: Terry L. Feder, senior vice president.
Contact: Chuck Whitney, vice president.

Security Pacific National Bank is a member of the Imagenet lockbox network, with a stand-alone site in San Francisco.

The bank belongs to the Payment Network for disbursements.

Terminal-initiated services not listed in the chart include money market investments.

The bank has international lockboxing sites in London and Toronto.

Its account reconciliation package was developed in-house; its treasury workstation was designed by Integrated Cash Management.

Shawmut Bank of Boston

1 Federal St., Boston, Mass. 02211; (617) 292-3096

Special services: Payroll, accounts receivable, accounts payable, general ledger, tax filing, corporate savings bonds, check safekeeping and federal tax payments.
C.M. professionals: 20.
Executive: Betty Haley, vice president.
Contact: Peter A. Galligan, assistant vice president.

Shawmut Bank of Boston uses its own balance reporting system.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation was developed by IBM.

Southeast Bank

1 Southeast Financial Center, Miami, Fla. 33131; (305) 375-6675

C.M. professionals: 22.
Fortune 1000 lockbox clients: 40.
Fortune 1000 disbursement clients: 75.
Fortune 1000 total: 250.
Financial services clients: 30.
Executive: Beverly P. Chambers, senior vice president.
Contact: Deborah A. Buchanan, vice president.

Southeast Bank has stand-alone lockbox processing facilities in Tampa, Orlando and Jacksonville.

The bank uses the BankLink balance reporting system. Terminal-initiated services not listed in the chart include ACH concentration debits.

Its account reconciliation package is by Disc Inc.; its treasury workstation is the ICM system.

Sovran Bank

P.O. Box 27025, Richmond, Va. 23261; (804) 788-2424

C.M. professionals: 23.
Executive: Michael W. Paulette, senior vice president.

Pensions & Investment Age's annual directory and ranking of leading real estate advisory firms will be published in the Sept. 16 issue.

Contact: Jeffrey W. Lovejoy, assistant vice president, and Gloria M. Daout, vice president.

Sovran Bank has stand-alone lockbox processing facilities in Richmond, Norfolk and Roanoke, Va. and in northern Virginia.

The bank uses the NDC system for its balance reporting.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation was developed by Future Technologies Inc.

State Street Bank & Trust Co.

225 Franklin St., Boston, Mass. 02101; (617) 654-3680

C.M. professionals: 15.
Fortune 1000 lockbox clients: 23.
Fortune 1000 disbursement clients: 15.
Fortune 1000 total: 100.
Representative clients: Century 21 Real Estate, Fireman's Fund Insurance, AT&T, Sears, Roebuck.
Executive: W.H. Kieffer III, vice president.
Contact: Mr. Kieffer.

State Street Bank & Trust Co. uses the NDC balance reporting system.

Its account reconciliation package was developed by Disc Inc.

Sun Bank

P.O. Box 3833, Orlando, Fla. 32897; (305) 237-4015

Special services: Cash vault services.
C.M. professionals: 10.
Executive: Robert W. Pledger, senior vice president.
Contact: Mr. Pledger.

Sun Bank has stand-alone lockbox processing facilities in Miami and Orlando.

The bank is a member of NDC's Cash Management Exchange balance reporting network.

The bank uses an account reconciliation package developed by Disc Inc.

Its treasury workstation is MicroCTS, developed by Capital Systems Group.

t

Texas American Bank/Fort Worth

P.O. Box 2050, Fort Worth, Texas 76113; (817) 338-8652

C.M. professionals: 10.
Fortune 1000 lockbox clients: 10.
Fortune 1000 disbursement clients: 15.
Financial services clients: 25.
Executive: Grant Ferguson, vice president and manager.
Contact: Mr. Ferguson.

Texas American Bank/Fort Worth is a member of the NDC balance reporting network.

The bank offers a limited selection of international lockbox collections sites.

The consulting group offers volume/-velocity studies for investments, along with general consulting.

The bank uses an account reconciliation package from Disc Inc. Arthur Young developed its treasury workstation.

Texas Commerce Bank-Houston

P.O. Box 2558, Houston, Texas 77252-8081; (713) 236-6320

Special services: Check safekeeping, commercial deposit services.
C.M. professionals: 21.
Executive: Jerry N. Boynton, vice president.
Contact: John E. McKemie, vice president.

Texas Commerce Bank has its own lockbox network.

The bank uses the BankLink system for its balance reporting. It has an overseas lockboxing site in London.

Its account reconciliation package was developed by Disc Inc.; its treasury workstation is MicroCTS from Capital Systems Group.

The Toledo Trust Co.

245 Summit St., Toledo, Ohio 43603; (419) 259-8556

C.M. professionals: 4.
Fortune 1000 clients: 1.
Executive: Marylou Zaloudek, vice president-corporate services.
Contact: Ms. Zaloudek.

The Toledo Trust Co. uses its own balance reporting system and account reconciliation package.

Trust Company Bank

P.O. Box 4418, Atlanta, Ga. 30302; (404) 588-7711

C.M. professionals: 9.
Executive: Ward H. Gailey Jr., group vice president.
Contact: Mr. Gailey.

Trust Company Bank is a member of the NDC balance reporting network.

Its account reconciliation package was developed by Disc Inc; its treasury workstation was developed by IBM.

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United Bank of Denver

1700 Broadway, Denver, Colo. 80274; (303) 863-6318

C.M. professionals: 11.
Fortune 1000 lockbox clients: 100.
Fortune 1000 disbursement clients: 150.
Fortune 1000 total: 400.
Financial services clients: 75.
Representative clients: AT&T, Adolph Coors, May, Pillsbury.
Executive: Betsy Olson, vice president.
Contact: Ms. Olson.

United Bank of Denver is a member of the us$net lockbox network.

The bank uses NDC's Cash Management Exchange balance reporting network.

The bank's account reconciliation package was developed by Disc Inc.; its treasury workstation was developed by Future Technologies International.

United Carolina Bank

P.O. Box 250, Monroe, N.C. 28110; (704) 289-7761

C.M. professionals: 6.
Fortune 1000 lockbox clients: 1.
Fortune 1000 total clients: 10.
Financial services clients: 25.
Representative clients: Kemper Insurance, Teledyne, Pfizer, Sunoco.
Executive: David L. Conover, vice president and department manager.

United Carolina Bank has stand-alone lockbox processing facilities in Charlotte, Raleigh, Fayetteville and Wilmington.

The bank uses the Western Union Easylink system for its balance reporting.

Computerized information systems and treasury management audit and analysis are available.

Its account reconciliation package was developed by Disc Inc.

United Jersey Bank

210 Main St., Hackensack, N.J. 07602; (201) 646-5783

Special services: Savings bonds, official check payroll, freight payments.
C.M. professionals: 7.
Fortune 1000 lockbox clients: 55.
Fortune 1000 disbursement clients: 55.
Fortune 1000 clients: 175 plus.
Representative clients: RCA, Faberge, ITT, UPS.
Executive: Santiago Patino, vice president.
Contact: John Quimby, assistant vice president.

United Jersey Bank has stand-alone lockbox processing facilities in Hackensack, Newark and Philadelphia.

It is a member of the IDC balance reporting network.

The bank uses the Disc Inc. account reconciliation package.

United Missouri Bank of Kansas City

P.O. Box 226, Kansas City, Mo. 64141; (816) 556-7054

C.M. professionals: 4.
Executive: Gary F. Foltz, vice president.
Contact: Mr. Foltz.

United Missouri Bank of Kansas City is a member of the ADP balance reporting network.

The bank worked with ADP in developing its treasury workstation.

V

Valley National Bank of Arizona

P.O. Box 71, Phoenix, Ariz. 85001; (602) 261-2900

C.M. professionals: 6.
Executive: James L. Rauschkolb, vice president and manager.
Contact: Mr. Rauschkolb.

The bank is a member of us$net lockboxing network.

For terminal-access balance reporting, BankLink is used.

For account reconciliation, the Disc Inc. system is used; the bank's treasury workstation was developed by Capital Systems Group and BankLink.

W

Wachovia Bank & Trust Co.

P.O. Box 3099, Winston-Salem, N.C. 27150; (919) 748-5496

C.M. professionals: 25.
Executive: Jack M. Mecklor, senior vice president.
Contact: Stephen R. Madden vice president.

Wachovia Bank & Trust Co. has stand-alone lockbox processing facilities in Atlanta and Dallas.

The bank uses the BankLink system for its balance reporting.

Its consulting group offers studies of overall cash management systems and export collections.

The bank's account reconciliation package is a modified version of the Disc package.

Wells Fargo Bank

420 Montgomery St., San Francisco, Calif. 94163; (415) 396-7777

C.M. professionals: 30.
Executive: David P. Kurrasch, vice president.
Contact: Mr. Kurrasch.

Wells Fargo Bank is a member of the us$net lockbox network. It has stand-alone lockbox processing facilities in San Francisco and Los Angeles.

The bank uses its own system for balance reporting.

Its account reconciliation package and treasury workstation were developed in-house.

Pensions & Investment Age will publish a directory of microcomputer products and services for investment managers in October.

The annual guide, which lists products and services of use to investment managers and available for the personal computer will run in the Oct. 14 issue.

U.S. associations

Alabama

Mobile Regional Cash Management Association

Corporate membership: 35.
Corporate members: Morrisons, QMS, OPICO, Dravo Natural Resources, Turner Supply, Colonial Sugars, Ryan Walsh Stevedoring.
Meetings: Third Tuesdays, September through June.
Membership fee: $100.
Contact: John R. Oester, Springhill College, 4000 Dauphin St., Mobile, Ala. 36608; (205) 460-2250.

Arizona

Arizona Cash Management Association

Corporate membership: 35.
Corporate members: Greyhound, Del Webb, The Tanner Cos., U-Haul, Salt River Project.
Meetings: Monthly except summer.
Membership fee: $100.
Contact: Stephen Tanner, Tanner Companies, P.O. Box 20128, Phoenix, Ariz. 85036; (602) 241-4781.

California

Bay Area Cash Managers Association

Corporate membership: 50.
Corporate members: Bechtel Power, Crown Zellerbach, Del Monte, Levi Strauss, Chevron.
Meetings: Third Tuesdays except December.
Membership fee: $200.
Contact: George Schilling, Chevron USA Inc., 575 Market St., San Francisco, Calif. 94105; (415) 894-0233.

Peninsula Cash Management Association

Corporate membership: 50.
Corporate members: Apple Computer, Hewlett-Packard, Lockheed, Amdahl, Intel.
Meetings: Second Wednesdays.
Membership fee: $195.
Contact: Lynn Cox, AMPEX, 401 Broadway, Redwood City, Calif. 94063; (415) 367-2919.

Cash Management Association of San Diego

Corporate membership: 33.
Corporate members: Aerojet General, Signal, San Diego Gas & Electric, Rohr Industries, Wavetek, Cubic.
Meetings: First Thursdays every other month, except July and August.
Membership fee: $125.
Contact: David Wilken, San Diego Gas & Electric Co., P.O. Box 1831, San Diego, Calif. 92112; (619) 696-4508.

Cash Management Association of Southern California

Corporate membership: 110.
Corporate members: Litton, Arco, Data Products, Union Oil, Getty.
Meetings: First Fridays, 10 months out of the year.
Membership fee: $75.
Contact: Lynne Shulim, Data Products Corp., 6200 Canoga Ave., Woodland Hills, Calif. 91365; (818) 887-8679.

Colorado

Colorado Cash Management Association

Corporate membership: 120.
Corporate members: Coors, Manville, Mountain Bell, U S WEST, Arco, Hamilton Bros., Petro Lewis.
Meetings: Second Wednesdays September through November, January through March, and May.
Membership fee: $40 individual, $80 corporate and associate.
Contact: Martha Paine, Mountain Bell, 1801 California MBC 3050, Denver, Colo. 80202; (303) 896-7080.

Connecticut

Central Connecticut Cash Management Association

Corporate membership: 42.
Meetings: Second Tuesday except July, August and December.
Contact: Edward Shalagan, Manager of cash/investment borrowing, Echlin Inc., 100 Double Beach Road, Branford, Conn. 06405; (203) 481-5751.

Fairfield County, Conn., Cash Management Association

Corporate membership: 44.
Corporate members: Combustion Engineering, GE, Xerox, GTE, Union Carbide.
Meetings: Second Wednesdays.
Membership fee: $120.
Contact: Martin Decere, Cadbury Schweppes Holdings Inc., High Ridge Park, P.O. Box 3800, Stamford, Conn. 06905; (203) 968-7703.

Florida

NCCMA, South Florida Chapter

Corporate membership: 22.
Corporate members: Florida Power & Light, American Bankers, Burger King, Knight-Ridder Newspapers, Wometco Broadcasting.
Meetings: Monthly.
Membership fee: $100.
Contact: John Fischer, Florida Light & Power, 9250 W. Lagler St., Miami, Fla. 33174; (305) 552-4093.

Tampa Bay Cash Management Association

Corporate membership: 34.
Corporate members: General Telephone of Florida, Florida Power, Jack Eckerd, Paradyne, Jim Walter.
Meetings: Third Wednesdays, except July, August and December.
Membership fee: $125.
Contact: Jim Howard, Florida Power Corp., 3201 34th St. S., St. Petersburg, Fla. 33711; (813) 866-4485.

Georgia

Atlanta Treasury Management Association

Corporate membership: 66.
Corporate members: Coca-Cola, Georgia-Pacific, Scientific-Atlanta, Georgia Power, Oxford Industries.
Meetings: Third Wednesdays, except July, August and December.
Membership fee: $110 local.
Contact: Marty Bush, Management Science America Inc., 3445 Peachtree Road N.E., Atlanta, Ga. 30326; (404) 239-2000.

Illinois

Cash Management Practitioners Association of Chicago

Corporate membership: 72.
Corporate members: Abbott Laboratories, Beatrice Foods, Borg-Warner Acceptance, Equitable Life, Household Finance, McDonald's, Sears.
Meetings: Fourth Thursdays except July, August and December.
Membership fee: $150.
Contact: William LeFebve, Square D Co., 1415 S. Roselle Road, Palatine, Ill. 60067; (312) 397-2600, ext. 305.

Indiana

Central Indiana Cash Management Association

Corporate mombership: 20.
Corporate members: Inland Container, Blue Cross-Blue Shield, Citizen's Gas, Indianapolis Power & Light, Indiana Water Co.
Meetings: Third Thursdays except summer.
Membership fee: $25.
Contact: James Wilson, Blue Cross-Blue Shield of Indiana, 120 W. Market St., Indianapolis, Ind. 46204; (317) 263-4809.

Kansas

Kansas City Cash Management Association

Corporate membership: 39.
Meetings: September through June.
Contact: Don Cohenour, Farmland Industries, P.O. Box 7305, Kansas City, Mo. 64116; (816) 459-6409.

Kentucky

Kentucky Cash Management Association

Corporate membership: 32.
Corporate members: Batus, Brown-Forman, Capital Holding, Conna, Humana, Kentucky Fried Chicken, City of Louisville, Jefferson County, University of Louisville.
Meetings: Second Tuesdays, February through May and September through November.
Membership fee: $200.
Contact: Paul Kinney, University of Louisville Service Complex, Louisville, Ky. 40292; (502) 588-6271.

Louisiana

New Orleans Cash Management Association

Corporate membership: 19.
Corporate members: Middle South Services, Lykes Bros. Steamship Co., McDermott, Louisiana Land & Exploration, Tulane University.
Meetings: Second Tuesdays.
Membership fee: $100.
Contact: Louis Katz, Office of the Treasurer, Tulane University, Central Bldg., New Orleans, La. 70118; (504) 865-5597.

Michigan

Western Michigan Cash Management Association

Corporate membership: 26.
Meetings: Fourth Thursdays except June-August and December.
Contact: Dick Lampen, Spartan Stores, 850 76th St. N.W., Grand Rapids, Mich. 49508; (616) 878-2470.

Minnesota

Twin Cities Cash Management Association

Corporate membership: 90.
Meetings: Second Thursdays except July, August and December.
Contact: Jerry Bishop, manager, St. Paul Companies, P.O. Box SDS 12-0030, Minneapolis, Minn. 55486; (612) 221-8091.

Missouri

Kansas City Cash Management Association

Corporate membership: 39.
Meetings: September through June.
Contact: Don Cohenour, Farmland Industries, P.O. Box 7305, Kansas City, Mo. 64116; (816) 459-6409.

St. Louis Cash Management Association

Corporate membership: 55.
Corporate members: Monsanto, Anheuser-Busch, Emerson Electric, Pet Inc., Wetterau.
Meetings: Third Thursday, September through June.
Membership fee: $110.
Contact: Connie Stegall, Kellwood Co., 600 Kellwood Pkwy., P.O. Box 14374, St. Louis, Mo. 63178; (314) 576-3455.

New Jersey

New Jersey Cash Management Association

Corporate membership: 30.
Corporate members: Prudential, Nabisco, Warner-Lambert, Johnson & Johnson, Ingersoll-Rand.
Meetings: Second Tuesdays, 10 months out of the year.
Membership fee: $225.
Contact: Thomas A. Nyire, Public Service Electric & Gas Co., 80 Park Plaza T6B, P.O. Box 570, Newark, N.J. 07101; (201) 430-6505.

Northern New Jersey Association of Cash Management

Corporate membership: 45.
Corporate members: Thomas & Betts, C.R. Bard, Dow Jones, Supermarkets General, New Jersey Bell, Mennen, Engelhard, Purolator, M&M Mars, Seiko, Block Drug, Prentice-Hall.
Meetings: Second Wednesdays except July and August.
Membership fee: $175.
Contact: Don Aquila, Thomas & Betts, 920 Route 202, Raritan, N.J. 08869; (201) 685-1600.

New York

Cash Management Association of Monroe County

Corporate membership: 70.
Corporate members: Bausch & Lomb, Gannett, Rochester Gas & Electric, Rochester Telephone, Gleason Works, Sybron, Goulds Pumps.
Meetings: Second Wednesdays except November, March and summer.
Membership fee: $45.
Contact: Susan Biklen, City Bank, P.O. Box 23145, Rochester, N.Y. 14692; (716) 546-0646.

Corporate Cash Managers Association of New York

Corporate membership: 113.
Corporate members: Reliance Group Holdings, Equitable Life, Exxon, American Express, ABC, AT&T, Columbia Pictures.
Meetings: Monthly except July and August.
Contact: David Grunbaum, TIAA-CREF, 730 Third Ave., New York, N.Y. 10017; (212) 916-4290.

Syracuse Cash Management Association

Corporate membership: 15.
Corporate members: Niagara Mohawk Power, Agway, P&C Food Markets, Oneida, New York State Electric & Gas, Syracuse Supply.
Meetings: Every two or three months, except in summer.
Contact: Donald Thome, P&C Foods, P.O. Box 4965, Syracuse, N.Y. 13221; (315) 457-9460.

Ohio

Central Ohio Cash Management Association

Corporate membership: 26.
Corporate members: Nationwide Insurance, Anchor Hocking, Wendy, Borden, Ohio State University, J.C. Penney Casualty Insurance.
Meetings: Third Wednesdays, September through May, except December.
Membership fee: $25 local.
Contact: Duane Campbell, 1 Nationwide Plaza, Columbus, Ohio 43216; (614) 227-6963.

Cincinnati Cash Management Association

Corporate membership: 36.

The Cash Manager of one of the largest U.S. conglomerates said this system has it all together.

Sophisticated and compatible, yet low in cost and easy to install, Wells Fargo's MicroExpress℠ may well be the single delivery system best suited to your firm's cash management needs.

Now there's a low-cost cash management system simple enough for a firm to purchase, install and program itself. Yet so sophisticated, it's compatible with all the other balance reporting systems of a major U.S. conglomerate. A system that handles work electronically that used to be done manually. That furnishes exactly the data wanted, from whatever sources needed, at the time of day desired – through the familiar means of one existing computer. And Wells Fargo can deliver it for your business now.

Wells Fargo's MicroExpress℠ cash management software system puts you in contact with all your business' banks. Automatically. You structure your own communications, simplify analysis, control your cash through a single computer.

MicroExpress℠ is so reliable that our customers – among them, one of the world's largest securities firms, the nation's #2 utility company, one of the world's largest conglomerates – say that it is technically the highest-quality communications package available. Yet it's possible to use and program it yourself. And the price of MicroExpress℠ may surprise you.

For full details, call Dave Kurrasch at 415-396-3174.

Coming on strong in cash management.
Wells Fargo Bank.

MEMBER FDIC

Directory

Meetings: Third Wednesdays except January, June-August and December.
Contact: James Kraft, ARMCO Inc., Middletown, Ohio 45042; (513) 425-5982.

Northeastern Ohio Cash Management Association

Corporate membership: 65.
Corporate members: Sohio, Eaton, Sherwin-Williams, Gencorp, Firestone, TRW.
Meetings: Third Wednesdays, except for July and August.
Membership fee: $100.
Contact: Raymond L. Cushing, Nordson Corp., 555 Jackson St., Amherst, Ohio 44001; (216) 892-1580.

Toledo Area Cash Management Association

Corporate membership: 23.
Corporate members: Libbey-Owens-Ford, Owens-Illinois, Owens-Corning Fiberglas, Champion Spark Plug, Sheller-Globe.
Meetings: Second Thursdays monthly, September through May, except December.
Membership fee: $30.
Contact: Chris Harper, Owens-Corning Fiberglas, Fiberglas Tower, Toledo, Ohio 43659; (419) 248-8470.

Oklahoma

Oklahoma Cash Management Association

Corporate membership: 31.
Corporate members: Texas International, Scribner, Price-Waterhouse, Kerr-McGee, Hertz.
Meetings: Every other month, except summer.
Membership fee: $50.
Contact: Charlene Smyly, Central National Bank & Trust, Enid, Okla. 73701; (405) 233-3535.

Tulsa Cash Management Association

Corporate membership: 85.
Corporate members: Williams Cos., MAPCO, City Service, Reading & Bates, Cotton Petroleum.
Meetings: Third Tuesdays, September through May.
Membership fee: $60.
Contact: Patti Kastl, Williams Cos., P.O. Box 2400, Tulsa, Okla. 74102; (918) 588-2172.

Oregon

Portland Cash Management Association

Corporate membership: 82.
Corporate members: Portland General Electric, Pacific Corp., Louisiana-Pacific, Tektronics, Nike.
Meetings: Third Tuesday in March, April, May, September, October and November, plus a business meeting in January and a social one in December.
Membership fee: $75.
Contact: Bill Beyer, cash manager, Portland General Electric, 121 Southwest Salmon, Portland, Ore. 97204; (503) 226-5801.

Pennsylvania

Philadelphia Cash Management Association

Corporate membership: 30.
Contact: Alyce Wolper, assistant to the treasurer, Berwind Corp., 3000 Center Square West, 1500 Market St., Philadelphia, Pa. 19102; (215) 563-2900.

Pittsburgh Cash Management Association

Corporate membership: 42.
Corporate members: H.J. Heinz, Rockwell International, Westinghouse Credit, Allegheny International, PPG Industries, Copperweld, Alcoa.
Meetings: Third Thursdays, odd months, beginning with January.
Membership fee: $35.
Contact: Deborah DiLorenzo, Allegheny International Inc., P.O. Box 456, Pittsburgh, Pa. 15230; (412) 562-4298.

South Carolina

Cash Management Association of South Carolina

Corporate members: 50.
Meetings: February, March, May, July, September.
Contact: W. Avery Frick, finance director, Sumter County Council, Courthouse 210, Sumter, S.C. 29150; (803) 773-1581.

Tennessee

Memphis Cash Management Association

Corporate membership: 21.
Corporate members: Federal Express, Holiday Inns, Conwood, Guardsmark, Val-Mac Industries, Malone & Hyde.
Meetings: Fourth Thursdays, September through May.
Contact: Jim Reeves, Memphis Light, Gas & Water Division, P.O. Box 430, Memphis, Tenn. 38101; (901) 454-5357.

Texas

Cash Management Association of Dallas

Corporate membership: 105.
Corporate members: Electronic Data, American Petrofina, Texas Instruments, Diamond Shamrock, Mary Kay Cosmetics.
Meetings: Third Thursdays except July, August and December.
Membership fee: $200 local.
Contact: Jack Subar, Vantage Cos., 2777 Stemmons Fwy., Dallas, Texas 75207; (214) 631-0600, ext. 4170.

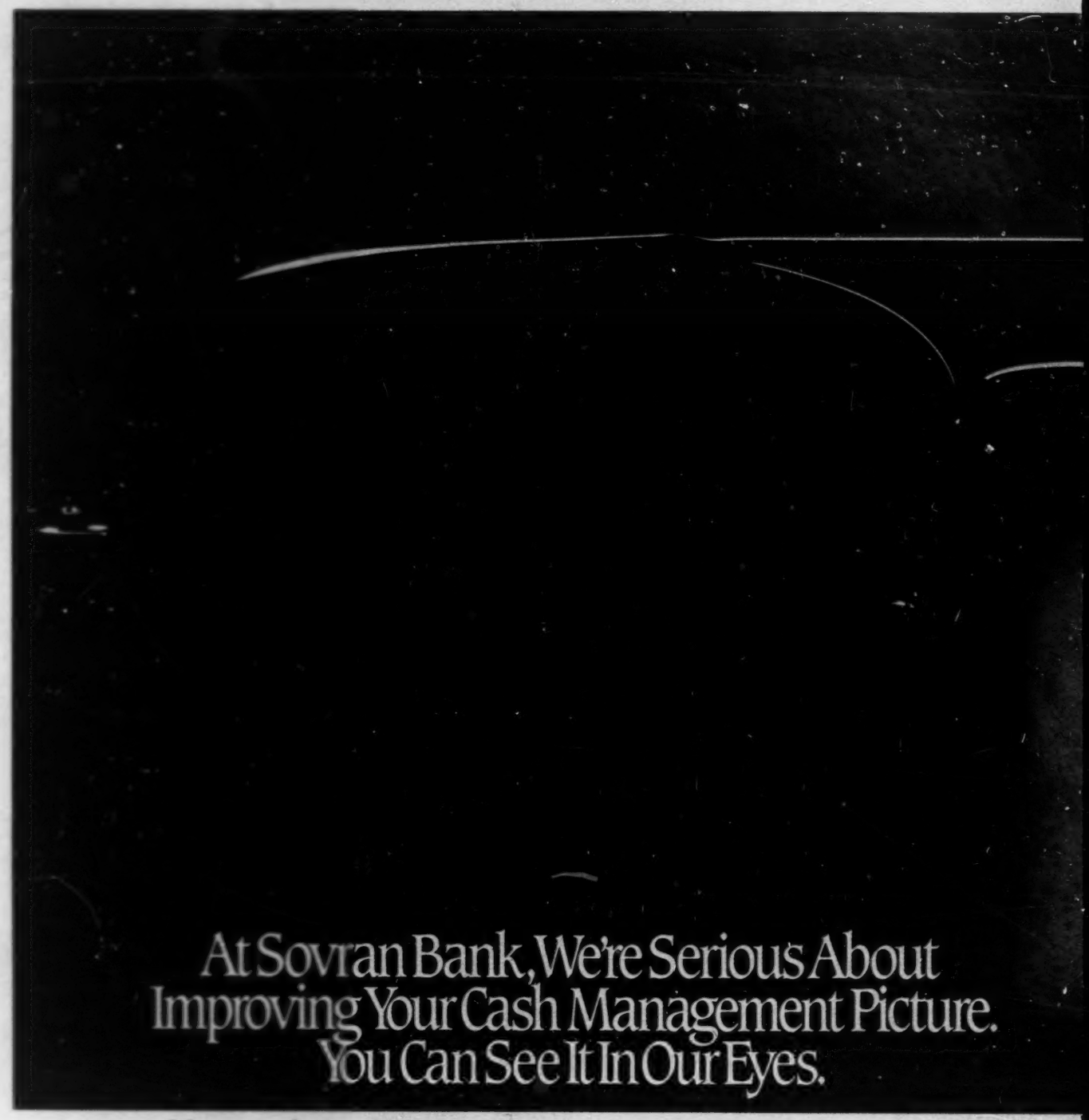
San Antonio Cash Management Association

Corporate membership: 55.
Meetings: Fourth Thursdays, September through May.
Contact: Zada True, Harte-Hanks Communications, 40 N.E. Loop 410, San Antonio, Texas 78216; (512) 344-8000, ext. 336.

Utah

Utah Corporate Cash Management Association

Corporate membership: 30.
Meetings: Fourth Thursday, odd months.



Contact: Craig H. Cottle, assistant treasurer, Northwest Pipeline, P.O. Box 8900, Salt Lake City, Utah 84108-0900; (801) 584-7284.

Virginia

Virginia Cash Management Association

Corporate membership: 30.
Meetings: Fourth Thursdays, September through May.
Contact: Lawrence A. Wilson, Circuit City Stores, 2040 Talboro St., Richmond, Va. 23230; (804) 257-4292.

Cash management survey: Aug. 19.

Wisconsin

Wisconsin Cash Management Association

Corporate membership: 40.
Meetings: Third Mondays, September through May.
Contact: Aaron J. Babl, Corporate financial and cash manager, Nicholet Instrument Corp., 5225 Verona Road, Madison, Wis. 53711; (608) 271-3333.

The push to have pension funds divest stocks of companies with, or drop using banks with, connections in South Africa will be the focus of a special *Pensions & Investment Age* report in the Aug. 5 issue.

National/regional

Carolinas Cash Management Association

Corporate membership: 60.
Corporate members: Rose's Stores, Duke Power, Hardee's Food Systems, Carolina Power & Light, ITT Telecommunications.
Meetings: Monthly except December, February and summer.
Membership fee: $200.
Contact: Joe Gray, Carolina Power & Light Co., P.O. Box 1551, Raleigh, N.C. 27602; (919) 836-7441.

Financial Managers Association

Corporate membership: 70.
Corporate members: Hospital Corp. of America, Service Merchandise, Vanderbilt University, Northern Telecom, Ingrim Industries.
Meetings: Second Thursdays, except summer.
Membership fee: $120.
Contact: James Robertson, Third National Bank, 201 Fourth Ave. N., Nashville, Tenn. 37244; (615) 748-5303.

National Corporate Cash Management Association

Corporate membership: 2,600.
Corporate members: Fortune 500.
Meetings: Annually in November.
Membership fee: $75.
Contact: Ralph Knight, Air Atlanta, P.O. Box 20887, Atlanta, Ga. 30320; (404) 530-2584.

Cash Management Association of New England

Corporate membership: 140.
Corporate members: EG&G, Gillette, Sheraton, Data General, Digital.
Meetings: Every other month.
Membership fee: $75.
Contact: Ruth Howell, Ludlow Corp., 145 Rosemary St., Needham, Mass. 02194; (617) 444-4900.

Northwest Cash Management Association

Corporate membership: 70.
Meetings: Third Tuesdays except July, August September and December.
Membership fee: $25.
Contact: Laura Mills, Pacific Northwest Bell, 1607 7th Ave., Room 504, Seattle, Wash. 98191; (206) 345-6189.

Puerto Rico Cash Management Association

Corporate membership: 70.
Meetings: March, June, September and December.
Contact: Adalberto Gonzalez, investment officer, Government Development Bank — Puerto Rico, GPO Box 42001, San Juan, Puerto Rico 00936; (809) 721-7533.

Service providers

a

The American Center for Cash Management

3696 Ulmerton Road, Clearwater, Fla. 33520; (813) 576-5304

Services offered: Research; training and consulting on bank negotiation strategies; investment policy development; receipts processing; purchasing and disbursement systems.
Clients: 100 plus.
Contact: Robert B. Gross, president.

Arthur Andersen & Co.

33 W. Monroe, Chicago, Ill. 60603; (312) 580-0033

Services offered: Systems development includes planning, design and installation of mainframe, mini- and microcomputers. Also hardware, software and cash management service selection studies, international cash management systems and operations improvement studies.
Clients: 300.
Contact: James S. Marpe, partner.

Arvizu Financial Group Inc.

1327 Empire Central, Suite 100, Dallas, Texas 75247; (214) 630-9494

Services offered: Performance analysis of existing cash management systems; advanced cash management program development and implementation services; cost reduction evaluations for bank credit and non-credit services; investment tax credit and ad valorem tax analysis; interest rate hedging strategy development and program maintenance services; automated treasury management services; and financial institution advisory services.
Clients: 100 plus.
Contact: Charles I. Rose, vice president-client services.

Pensions & Investment Age will take a look at the condition of state and municipal pension funds and their management Oct. 28.

With them, we can design a specific package of services for your company that puts you in total control of your assets, wherever they may be.

Best of all, we have the skilled, informed people required to help you analyze and act on the detailed information we can place at your disposal. And as Virginia's largest bank, with assets in excess of $8 billion, we have the resources to meet your financial needs.

So if you're looking for every opportunity to put your cash to the most profitable use, call Mike Paulette at 804-788-2424, Richmond, Virginia.

When it comes to aggressively making your money work, we'll see eye to eye.

SOVRAN BANK

Directory

b

Brockden Associates Inc.
P.O. Box 67, Mendham, N.J. 07945; (201) 543-9504

Services offered: Domestic and international cash management consulting; all phases of treasury systems including requirements evaluation, analysis, design, programming, implementation and training; integration on micro and mainframe computers; custom software development, including multicurrency financial applications, decision support and expert systems; and new product development, consulting and training for banks.
Clients: 18.
Contact: John F. Wilson, president.

Business International Corp.
1 Dag Hammarskjold Plaza, New York, N.Y. 10017; (212) 750-6300

Services offered: Syndicated and proprietary market research on international and domestic cash management; consulting for companies seeking solutions to cross-border and intracountry cash management problems; and newsletter and research reports for companies and banks.
Clients: 2,000.
Representative clients: Citibank, Mellon Bank, Societe Generale and Fuji Bank.
Contact: Louis J. Celi, vice president, director-financial services.

c

The Cash Management Academy
1 NDC Plaza, Corporate Square, Atlanta, Ga. 30329; (404) 329-8520

Services offered: Guaranteed training courses in foundations of cash management and advanced cash management.
Clients: 400 plus.
Representative clients: AT&T, Sun Oil, Georgia Pacific and M&M Mars.
Contact: J.N. Carter, director.

Cash Management Institute
P.O. Box 540, 360 Woodland St., Holliston, Mass. 01746; (617) 429-5930

Services offered: The Cash Manager monthly newsletter; annual national forum; and annual industry-specific group forums.
Contact: Kim MacKenzie, conference manager.

d

The Donoghue Organization
P.O. Box 540, 360 Woodland St., Holliston, Mass. 01746; (517) 429-5930

Services offered: The Money Fund Report, a weekly newsletter, and the Mutual Funds Almanac, an annual publication.
Contact: Robert Missert.

e

Electronic Funds Transfer Association
1726 M St. N.W., Suite 1000, Washington, D.C. 20036; (202) 659-2100

Services offered: This trade association offers a variety of publications, meetings, trade shows, classes and seminars to its member companies.
Members: 150 plus.
Representative members: AT&T, Mobil, IBM and Exxon.
Contact: Catherine Brown, director of information.

The Equitable Life Assurance Society of the United States
1285 Avenue of the Americas, New York, N.Y. 10019; (212) 554-3979

Services offered: Cheqnet, a wholesale nationwide lockbox.
Clients: 40.
Contact: William J. Herzog, vice president.

f

First Data Resources Inc.
7301 Pacific St., Omaha, Neb. 68114; (402) 399-7490

Services offered: Deposit/information reporting; ACH processing; lockbox detail reporting; matrix balancing; automated invoice remittance processing; and BAI processing.
Contact: John Albin, marketing manager.

i

Interactive Data Corp.
486 Totten Pond Road, Waltham, Mass. 02254; (617) 895-4124

Services offered: Full range of cash management services, including the treasurer's XCHANGE/Microstation and network-based software for balance reporting, funds movement and cash analysis.
Clients: 67.
Contact: John F. Page, product manager.

m

March & Co.
109 Spanish Village, Suite 607, Dallas, Texas 75248; (214) 231-0601

Services offered: Cash management market research studies; seminars; and advisory services.
Contact: R. March, principal.

Masterfund Inc.
575 Madison Ave., New York, N.Y. 10022; (212) 888-8430

Services offered: Investment management and advisory on high-yield federally insured CDs plus a weekly newsletter ranking the CDs.
Clients: 100.
Representative clients: Gibraltar Savings Association, Izod Ltd., American Investment Bank and Peoples Saving & Loan Association.
Contact: Norberto Mehl, president.

MDS Consultants Inc.
P.O. Box 1724, White Plains, N.Y. 10601; (914) 762-1700

Services offered: Treasury management consulting; micro- and mainframe treasury systems design; integrated cash management and accounting system design; and treasury application and system services evaluation. It also provides seminars, conferences and in-house seminars and workshops.
Contact: Marshall Sokol, president, and Joan Plavin, conference coordinator and meeting planner.

n

National Data Corp.
1 NDC Plaza, Corporate Square, Atlanta, Ga. 30329; (404) 329-8500

Services offered: Cash management software and timesharing services for automated balance and deposit reporting.
Clients: 10,000.
Representative clients: Manufacturers Hanover Trust and Security Pacific National Bank.
Contact: Robert A. McDaniel, manager-wholesale bank services.

p

Phoenix-Hecht
550 Frontage Road, Northfield, Ill. 60093; (312) 441-9080/P.O. Box 13628, 68 Alexander Drive, Research Triangle Park, N.C. 27709; (919) 541-9339

Services offered: Postal survey; check-clearing study; lockbox and disbursement models for microcomputers and mainframes; consulting; education; corporate electronic payments evaluation; product management series; and cash management guide.
Clients: 200.
Representative clients: Citibank, First Chicago, Bank of America.
Contacts: Larry A. Marks, president (Illinois), and David A. Bochnovic, national sales manager (N.C.).

t

Treasury Strategies Inc.
180 N. LaSalle St., Suite 700, Chicago, Ill. 60601; (312) 443-0840

Services offered: Consulting for corporations and banks, emphasizing non-credit services and treasury management. It publishes the Bank Price Index and Treasury 1 Account Analysis software.
Contact: Anthony J. Carfang, principal.

Treasury Systems Inc.
P.O. Box 1724, White Plains, N.Y. 10601; (914) 762-1700

Services offered: MACROCASH software to integrate bank, treasury and accounting systems with custom installation.
Contact: Marshall Sokol, president.

v

VALUTECH
2322 S. Pullman St., Santa Ana, Calif. 92705; (714) 250-4488

Services offered: Disbursement management and cash concentration systems; consulting; and cash management systems development.
Clients: 14.
Representative clients: Atlantic Richfield, Southland, American Natural Resources and Fluor.
Contact: Eric A. Thomson, president.

VERIBANC Inc.
P.O. Box 2963, Woburn, Mass. 01888; (617) 245-8370

Services offered: Financial reports on federally insured banks, S&Ls, holding companies, mutual savings banks and credit unions; lists of institutions meeting various criteria and a 24-hour priority and call-back service.
Clients: 5,000.
Contact: Kitty T. Heller, president.

w

White Papers Inc.
95 Gordonhurst Ave., Upper Montclair, N.J. 07043; (201) 746-5456

Services offered: Preparation and analysis of confidential white papers on electronic payments strategies for corporations and financial institutions, particularly innovative electronic check applications through ACH; and in-house seminars and national conferences on electronic payment applications.
Contact: George C. White, president.

Wismer Associates Inc.
22134 Sherman Way, Canoga Park, Calif. 91303; (818) 884-5515

Services offered: Cash and investment management software systems that provide daily cash flow forecasting and tracking; investment and debt management tools maximizing cash management effectiveness (CASH-MAX); treasury workstation (MICRO-PLUS); and consulting.
Clients: 125.
Contact: Vice president of marketing.

x

XRT Inc.
18 Great Valley Parkway, Suite 150, Malvern, Pa. 19355; (215) 251-0800

Services offered: Automated cash management and commercial paper issuing systems, typically fault-tolerant minicomputers or microcomputer-based local area networks.
Clients: 7.
Representative clients: American Express Credit Corp., General Motors Acceptance Corp., ITT and Household Finance Corp.
Contact: Anthony Potts, director of marketing.

y

Arthur Young & Co.
1 Sansome St., San Francisco, Calif. 94104; (415) 951-3219

Services offered: Full range of consulting to corporations, financial institutions and government entities; diagnostic and investment policy reviews; equipment implementation; strategic planning; seminars; and a cash management directory.
Representative clients: Pacific Telephone, Portland Gas & Electric, California Casualty Insurance, Mervynn, Data California and Pima Savings & Loan.
Contact: David W. Thornton, director of treasury consulting.

Pensions & Investment Age's annual survey of the cash managers at the nation's largest 2,000 non-financial corporations will run in the Aug. 19 issue.

Managers

c

Capitoline Investment Services Inc.
919 E. Main St., Richmond, Va. 23219; (804) 782-7251

Services offered: Active investment management of short-term excess operating or reserve funds, individually tailored to meet each client's quality and liquidity standards.
Clients: 90.
Representative clients: Alabama-Tennessee Natural Gas, Chesapeake, Colonial Williamsburg Foundation.
Contact: William E. Heisler, vice president.

Chase-Lincoln First Bank
Trust Investment Dept., P.O. Box 25039, Rochester, N.Y. 14603; (716) 258-8220

Services offered: Professional cash asset management and short-term fixed-income investment management, both for taxable and tax-exempt accounts.
Investment management strategy is dictated by interest rate forecasts and spread analysis. Investments are positioned so the average life of the portfolio maximizes the expected return based on these factors, subject to the constraints of using only investment-grade domestic securities.
Clients: 95.
Contact: Kathleen A. Dennis, vice president.

Chemical Bank/Portfolio Management Group
277 Park Ave., 9th Floor, New York, N.Y. 100172; (212) 310-4500

Services offered: Professional cash asset management and short-term fixed-income investment management, both for taxable and tax-exempt accounts.
The group aggressively manages liquidity portfolios using interest rate anticipation, arbitrage and technical analysis. Returns are generated using classic money market instruments with maturities of less than one year.
Clients: 16.
Contact: Matthew R. Cody, vice president.

d

Discount Corp. of New York Advisers
58 Pine St., New York, N.Y. 10005; (212) 248-8989

Services offered: Management of near-term cash assets for corporations, trusts and other minimum-risk funds; and management of assets required to satisfy predictable liquidity needs or by nature limited to short or intermediate term investments.
Clients: 5.
Representative clients: The Common Fund, Kodak Retirement Income Plan, Retirement System for Savings Institutions and J. Paul Getty Trust.
Contact: William J. Callahan, vice president.

Drexel Management Corp.
2 Broadway, New York, N.Y. 10004; (212) 482-1390

Services offered: Professional cash asset management (called Pro-CAM) involving short-term fixed-income investment management of taxable and tax-exempt assets, tailored to the account's needs.
It is active management with thorough credit analysis, full operational support and portfolio reporting. Also

Directory

investment management software support is available.
Clients: 10.
Contact: Michael J. Napoli Jr., vice president.

g

Government Guaranteed Funding
5 Post Oak Park, Suite 2500, Houston, Texas 77027; (713) 622-5151, (800) 231-2436.

Services offered: Public fund management, especially for smaller municipalities.
Clients: 3,500.
Representative clients: Caspar, Wyo.; Richmond, Va.; Springfield, Ill.; and Homestead, Fla.
Contacts: Ken Canepa and Bob Hennecke, vice presidents.

i

Interchange International Inc.
P.O. Box 3705, Stanford, Calif. 94305; (415) 321-5870

Services offered: Multicurrency cash investment strategies for diversification, low volatility and high yields.
Clients: 5.
Contact: Christopher T. Lane, president.

l

Lehman Management Co. Inc.
55 Water St., 40th Floor, New York, N.Y. 10041; (212) 558-1618

Services offered: Professional cash asset management and short-term fixed-income investment management, both for taxable and tax-exempt accounts. Lehman's philosophy is to arbitrage the short-term markets and not to predict the future direction of interest rates.
Clients: 2.
Contact: Richard Daniels, vice president.

Liberty Capital Management
11, Broadway, Suite 1066, New York, N.Y. 10004; (212) 509-0550

Services offered: Professional cash asset management and short-term fixed-income investment management, both for taxable and tax-exempt accounts. Liberty Capital's corporate strategy is to be an innovative specialist firm in the management of U.S. Treasury and agency fixed-income securities. The primary focus is to develop investment programs that are responsive to the investment needs of our clients.
Clients: 5.
Contact: Daniel J. Kapica, director of marketing.

p

Payden & Rygel
444 S. Flower St., Suite 4240, Los Angeles, Calif. 90017; (213) 627-7800

Services offered: Professional to short-term asset management and short-term fixed-income investment management, both for taxable and tax-exempt accounts. Each portfolio can be tailored, and provides active management with thorough credit analysis, full operational support and portfolio reporting.
Clients: 12.
Contact: Joan Payden, president.

s

Scudder, Stevens & Clark
345 Park Ave., New York, N.Y. 10154; (212) 482-1390/333 S. Hope St., Los Angeles, Calif. 90071; (213) 628-1144

Services offered: Professional cash asset management and short-term fixed-income investment management, both for taxable and tax-exempt accounts. The firm takes a very active approach to cash management using high-quality instruments.
Clients: 25.
Contact: Robert Neff, group vice president (New York); Edmond Valloni, managing director (Los Angeles).

Alan G. Seidner Co.
597 E. Green St., Pasadena, Calif. 91101; (213) 681-1024

Services offered: Management and consulting for corporations, municipalities, institutions and individuals in short- and intermediate-term fixed-income investments.
Clients: 30.
Representative Clients: UCLA Foundation, Signal, Presbyterian Intercommunity Hospital and Golden State Foods.
Contact: Sandy Sheek, administrative assistant.

The Summit Trust Co.
367 Springfield Ave., Summit, N.J.; (201) 522-8421

Services offered: Professional cash asset management and short-term fixed-income investment management, both for taxable and tax-exempt accounts. Summit Trust employs a proprietary market timing approach with which it expects to beat the three-month T-bill rate by 300 basis points on an annual basis.
Clients: 15.
Contact: Ricardo Cortez, vice president.

w

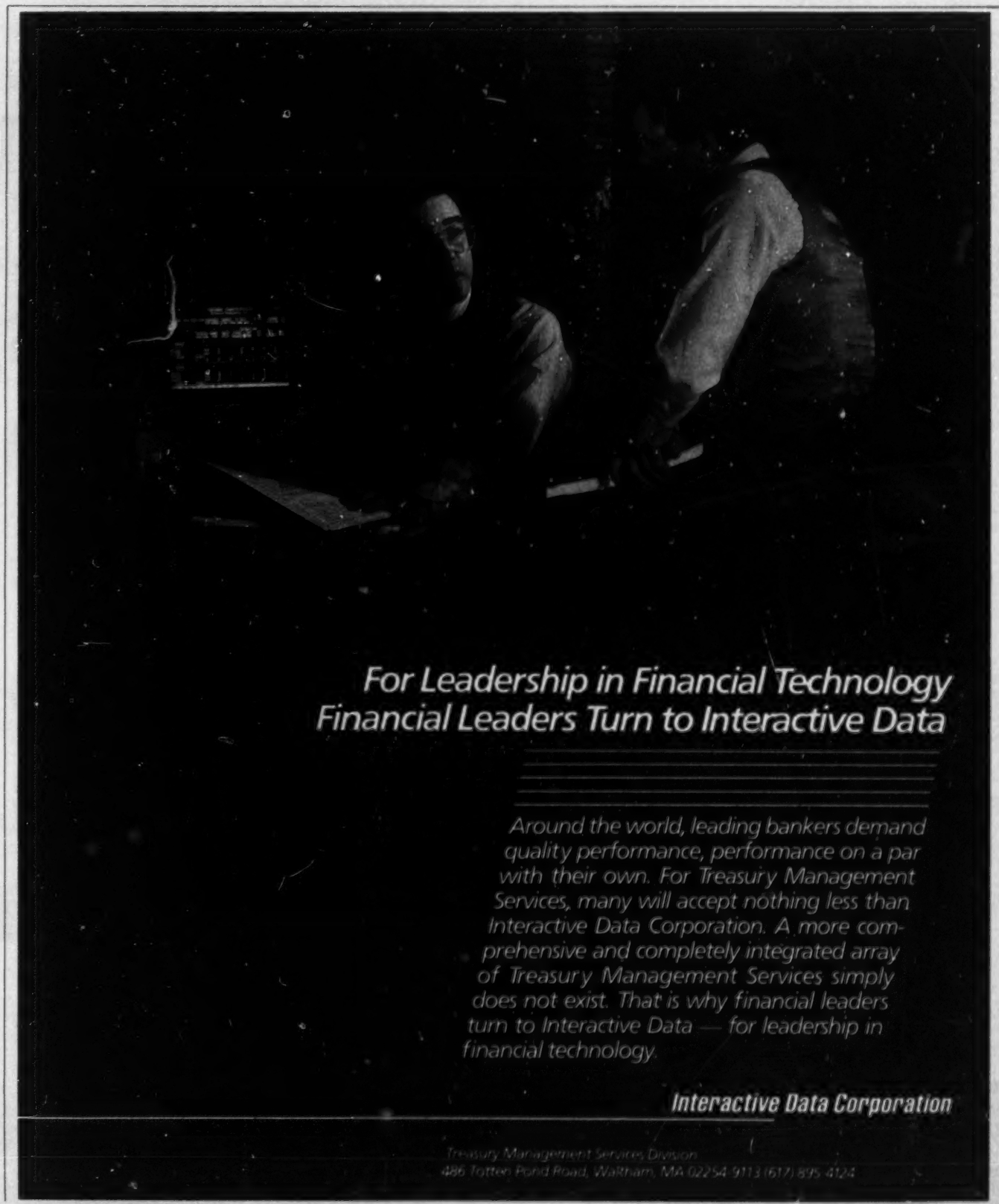
Wertheim Asset Management Services Inc.
230 Park Ave, New York, N.Y. 10169; (212) 370-6140

Services offered: Professional cash asset management and short-term fixed-income investment management, both for taxable and tax-exempt accounts.
Clients: 3.
Representative clients: Calista, Burroughs Wellcome, Reavis & McGrath.
Contact: Steven W. Golan, senior vice president.

Wharton Asset Management
595 Madison Ave., Suite 1900, New York, N.Y. 10022; (212) 888-7680

Services offered: Wharton manages cash as an alternative to investments in CDs, money market funds, Eurodollars and T-bills, taking advantage of 85% exemption on dividends received.
It uses dividend-capture strategies and various hedged, arbitraged and limited-risk investment techniques are used.
Clients: 45.
Contact: Arnold Mintz, executive vice president.

Pensions & Investment Age's poll of the chief investment officers at the 500 largest investment institutions will run in the Sept. 30 issue.



Canadian banks

The Bank of Nova Scotia

44 King St. W., Toronto, Ontario M5H 1H1; (416) 866-3959

C.M. professionals: 80.
Executive: Ray G. Darke, general manager-cash management services.
Contact: Bob K. Lounsbury, assistant general manager-marketing.
The Bank of Nova Scotia offers international wire transfers and FX rates in addition to those terminal-initiated services indicated on the chart.
It also offers a general cash management review.
Its account reconciliation package was developed in-house.

Canadian Imperial Bank of Commerce

U.S. Operations Office, 237 Park Ave., New York, N.Y. 10017; (212) 309-8810/Commerce Court Postal Station, Toronto, Ontario, M5L 1A2; (416) 784-6508

Special services: Centralized cash control, netting, pooling, offsetting, true real time balance reporting and terminal-initiated funds transfers, cross-border cash management, Canadian cash management (national) for U.S. corporations, national direct deposit and same day concentration.
Fortune 1000 clients: 500.
Representative clients: Prudential Insurance, Province of Alberta, United Technologies.
Executive: John Bumister, vice president-cash management services division.

Contact: Gary Pickell, senior manager (New York), and David C. Prescott, assistant general manager (Toronto). Canadian Imperial Bank of Commerce uses its own system for balance reporting.
Terminal-initiated services not on the chart include payroll services, corporate trade payments, real-time reporting and money transfers.
The bank has overseas lockboxing sites in most world financial centers.
Its lockbox/disbursement studies are based on its own model. The consulting group offers studies on all aspects of the field, especially centralized banking and cross-border cash management.
The bank developed its account reconciliation system in conjunction with Disc Inc.

The Toronto Dominion Bank

Toronto Dominion Centre, Toronto, Ontario M5K 1A2; (416) 866-8921

Special services: Customer payroll.
C.M. professionals: 45.
Executive: R.A. "Tony" Cook, general manager-cash management services.
Contact: Mr. Cook.
The Toronto Dominion Bank's consulting group also offers full cash management studies.
The bank developed its own account reconciliation system; its treasury workstation was a joint venture with ADS.

Canadian associations

The Cash Management Association of British Columbia

Corporate membership: 80.
Membership fee: $50 (Canadian).
Contact: Derek Price, Cominco Ltd., 200 Granville St., Vancouver, British Columbia V6C ZR2 or John L. Raubenheimer, president, 970 Burrard St., Vancouver, British Columbia V6Z 1Y3; (604) 685-3096.

Calgary Cash Management Association

Corporate membership: 50.
Meetings: Monthly.
Membership fee: $50.
Contact: Eric Sheppard, Assistant treasurer, Petro-Can Inc., P.O. Box 2844, Calgary, Alberta T2P 3E3; (403) 296-7960.

The Cash Management Association of Canada

Corporate membership: 500.
Contact: Yvonne Ross, Manager-Money Market Operations, B.C. Central Credit Union, Creekside Drive, P.O. Box 2038, Vancouver, British Columbia V6B 3R9; (604) 734-0811.

The Cash and Treasury Management Association

Corporate membership: 50.
Meetings: Monthly.
Membership fee: $100.
Contact: John W. MacKinnon, Senior Marketing Manager, Cash Management Services, Bank of Montreal, Box 1150, Adelaide St. P.O., Toronto, Ontario M5C 2K5; (416) 867-6965.

Edmonton Cash Management Association

Corporate membership: 27.
Meetings: Last Tuesday of each month.
Contact: David Richardson, 1200-10707 100 Ave., Edmonton, Alberta T5J 3M1; (403) 423-8407.

Insurance Companies Cash Management Group

Corporate membership: 43.
Meetings: Twice yearly.
Contact: H. Robert Howard, director of cash management, Manufacturers Life Insurance Co., 200 Bloor St. E., Toronto, Ontario M4W 1E5; (416) 926-3537.

The Cash Management Association of Manitoba

Corporate membership: 24.
Meetings: Six times per year.
Membership fee: $50.
Contact: R.L. Wiebe, P.O. Box 874, Winnipeg, Manitoba R3C 2S4; (204) 775-8331, ext. 236.

The Cash Management Association of Montreal

Corporate membership: 60.
Meetings: Monthly.
Membership fee: $125.
Contact: Theresa Benedek, Steinbergs Inc., 1500 Atwater, Montreal, Quebec H3Z 1Y3; (514) 931-9131.

Ottawa Cash Management Association

Corporate membership: 68.
Meetings: Bimonthly.
Contact: R.G. Clare Marshall, Export Development, P.O. Box 655, Ottawa, Ontario K1P 5T9; (613) 598-2822.

Saskatchewan Cash Management Association

Corporate membership: 55.
Meetings: September through May.
Contact: Dennis Polowyc, assistant director cash and debt management, Saskatchewan Finance, 2350 Albert St., 6th floor, Regina, Saskatchewan S4P 4A6; (306) 787-3923.

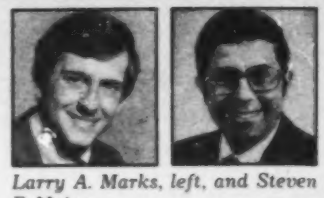
The Toronto Cash Management Society

Corporate membership: 100.
Meetings: Third Tuesdays, bimonthly.
Contact: Allan Turner, secretary/treasurer, Robin Hood Multifoods, 243 Consumers Road, Willowdale, Ontario. M2J 4W8; (416) 496-1515.

In September, *Pensions & Investment Age* will publish two more directories. The Sept. 16 issue will contain the annual directory and ranking of leading real estate advisory firms. The Sept. 30 issue will contain the annual poll of the chief investment officers at the 500 largest investment institutions.

C&S presents 8 questions you should ask (and 8 answers you should get) before choosing a lock box bank in the Southeast

Picking a disbursement bank



Larry A. Marks, left, and Steven F. Maier.

By Steven F. Maier and Larry A. Marks

So the time has come for your company to start using a controlled disbursing bank. Welcome to the club.

In the past year, controlled disbursing has been one of the fastest growing non-credit service products offered by commercial banks.

According to Phoenix-Hecht Inc.'s March product line manager survey, there are 178 controlled disbursing sites offered by 106 banks.

That is up from the 103 sites reported in 1984. They are distributed regionally as shown in Figure 1.

Moreover, the banks participating in the 1985 survey indicated an increase of 29% in the past year alone in the item volume they are processing through their controlled disbursing points.

What do you look for when you seek a controlled disbursing bank? Here are seven questions important in bank selection, and some comparative information on the services offered by controlled disbursing banks nationwide.

Criteria for selection

• **When will I receive notification of today's funding need?** The question here really is, when will you receive your first telephone notification for the funding requirement? As dealt with later in this list, there is also the issue of whether and when you will receive a second telephone notification.

Obviously, the earlier the notification the better. Also, the consistency of the notification is important. It really disturbs investment procedures to get the Monday call two hours later than the rest of the week.

Notification time is best considered in terms of a "window" during which you will receive the telephone notification. On average for the 100-plus banks reporting this information in our latest survey, the window was between 9:43 a.m. and 10:39 a.m. EST. The region with the earliest reporting window was the Southeast, which reported on average between 9:18 a.m. and 10:19 a.m. EST.

• **Does the controlled disbursing site have a second notification time? If so, when does it occur?** Many cash managers have learned to live with a second notification. Any bank that receives more than $10 million per day of check presentments from offices outside of its local Federal Reserve would be included in the High Dollar Group Sort Program, according to the criteria set forth by the Federal Reserve.

Nationwide, 44% of all controlled disbursing sites now have a second notification time. Nationwide, the second notification window averages across all banks from 11:14 a.m. to 12:15 p.m. EST.

• **If you have a second presentment, what percentage of the dollars are you likely to see as part of your second notification?** This question is very difficult to answer. Bank officials might be able to give you some general statistics with regard to the total dollars they see in their second presentment. Nationwide, our survey found 12% of the dollars for banks with a second notification time were being reported at that time.

Keep in mind, however, your company could experience more or less than this total depending upon the specific locations of the vendors to whom you are making payments. Many cash managers also report the problem is not so much the average, but the peaks.

The most likely checks to find their way into the second notification are the largest dollar items that you write. Even though the average might be only 10% or 12%, it is likely that you will have days during the month when fully 50% or more of the dollars are part of the second notification.

To pinpoint the potential for this problem calls for additional study. An examination of your specific large-dollar vendors, something that is usually done as part of a disbursement site location study, will tell you the exposure you are likely to have to these peak second presentments.

• **Will the bank allow you to fund one or both of the daily notifications with a funds transfer that represents next-day money?** Most controlled disbursing accounts are funded by wire transfer. Thus, you cover the funds presented today at the controlled account with same-day money. However, a large number of the controlled disbursing banks do permit funding by the use of an automated clearing house or a depository transfer check transfer. Our latest survey indicates 49% of the banks accept DTC funding and 53% accept ACH debit funding for controlled disbursing accounts.

The concept of funding with next-day money is very appealing. Generally, notification time becomes almost irrelevant. The bank simply lets you know the amount of the ACH transfer it is initiating today, which you in turn won't have to actually fund until tomorrow morning. The questions of one or two notifications and whether the bank is affected by the High Dollar Group Sort Program also are irrelevant.

There are, however, drawbacks to next-day funding. Usually, the bank will request you keep one day's average collected balances on deposit. This, by the way, does not mean you will have one day's idle funds at the bank. Rather, this simply compensates the bank for the one-day delay in funding.

Unfortunately, although banks are compensated adequately for the delay, *on average* they will experience on a daily basis both positive and negative collected balances. For most banks, the credit exposure during the days they have negative collected balances will require them to do a formal credit review. This, in turn, can increase the price for the controlled disbursing service.

Many banks also have a policy of not entirely offsetting negative balances with the positive balances created on other days. A common policy is to give credit to the corporation based on the bank's earnings credit rate for any positive collected balances, but to charge a rate tied to the prime rate for negative collected balances.

For many companies, this policy makes funding the control point by an ACH transfer unattractive. Funding and bank compensation are important issues to raise with banks being considered for controlled disbursing sites.

• **Will the controlled disbursing site improve my disbursement float?** In the early 1980s, many cash managers went to controlled disbursing for the float improvement that it would give them. Much of that float was based upon inefficiencies in the Federal Reserve and bank clearing system associated with paper checks.

In 1980, Federal Reserve float, a measure of the Fed's inefficiency, was $6.7 billion. Today, Fed float is being reported around $400 million. Figure 2 gives some comparisons of controlled disbursing sites that produced very high levels of float in 1980 and the float levels seen for these sites in 1984. The difference is dramatic.

In Figure 3, we represent a comparison of slippage levels between 1980 and 1984. (Slippage is the difference between the actual time needed to clear the check and the availability granted to the check depositor.)

Positive slippage is viewed by many as being one of the principle advantages of remote disbursing. The corporate view is that slippage benefits the disburser but does not hurt the vendor. It is a "free lunch" at the expense of the Fed and the banking industry.

But there is no free lunch. As Figure 3 shows, the level of slippage has been reduced dramatically, to the point where the major controlled disbursing sites now show not positive slippage but rather *negative* slippage. Using a controlled disbursing site to take advantage of the banking system makes no sense today.

The reader should view the numbers shown in Figures 2 and 3 as being representative of clearing times, certainly not the clearing time they will experience. Actual clearing times will depend upon the geographic location of the vendors relative to the controlled disbursing site, the size of items being paid and, of course, the specific bank or banks selected for the controlled disbursing site or sites.

The only way to accurately quantify float levels in a controlled disbursing system is to do a formal study. Many banks offer such studies using the data provided by Phoenix-Hecht in its clearing study. The models used also have the capability to analyze availability (the effect on vendors) and slippage levels.

• **Would a disbursement network make sense?** Late in 1984, Security Pacific National Bank introduced the Payment Network, a set of controlled disbursement sites located throughout the United

Continued on page CM27

Figure 1 Geographic locations of disbursement sites

State	Number of sites	%	Cum. %
Texas	19	10.7	10.7
Missouri	13	7.3	18.1
Ohio	13	7.3	25.4
Colorado	12	6.8	32.2
New York	11	6.2	38.4
Delaware	10	5.6	44.1
Florida	9	5.1	49.2
North Carolina	8	4.5	53.7
Illinois	7	4.0	57.6
Pennsylvania	7	4.0	61.6
Kentucky	6	3.4	65.0
Georgia	5	2.8	67.8
Michigan	5	2.8	70.6
Nebraska	5	2.8	73.4
Alabama	4	2.3	75.7
Minnesota	4	2.3	78.0
Oklahoma	4	2.3	80.2
Virginia	4	2.3	82.5
Maryland	3	1.7	84.2
Tennessee	3	1.7	85.9
Washington	3	1.7	87.6

In addition, the states of Arkansas, Connecticut, Idaho, Indiana, Louisiana, Massachusetts and Mississippi had 2 sites each and Alaska, Maine, New Jersey, Oregon, Puerto Rico, South Carolina, Wisconsin and Wyoming had 1 site each.

Source: Phoenix-Hecht Inc.

Figure 2 Clearing time comparision

Rank	March 1981 Drawee city	Time	January 1985 Drawee city	Time
1.	Helena, Mont.	3.79	Memphis, Mo.	2.78
2.	Wilmington, Del.	3.69	Portland, Maine	2.60
3.	Stephens, Ariz.	3.53	West Plains, Mo.	2.57
4.	El Paso, Texas	3.49	Vandalia, Mo.	2.50
5.	Ogden, Utah	3.43	Grand Junction, Colo.	2.47
6.	Allentown, Pa.	3.41	Lewiston, Mont.	2.42
7.	Charleston, S.C.	3.38	Rolla, Mo.	2.41
8.	West Plains, Mo.	3.38	Helena, Mont.	2.38
9.	Springfield, Mo.	3.37	Odessa, Texas	2.36
10.	Columbia, S.C.	3.35	Newark, Ark.	2.27
	Average	**3.48**		**2.48**

Source: Phoenix-Hecht Inc.

Figure 3 Slippage comparison

City name	March 1981 Time	January 1985 Time
Helena, Mont.	1.28	−0.10
Wilmington, Del.	1.18	−0.18
El Paso, Texas	1.13	+0.06
Columbia, S.C.	1.08	−0.23
Ogden, Utah	.99	−0.41
Charleston, S.C.	.96	−0.21
Tulsa, Okla.	.95	−0.24
Yakima, Wash.	.90	−0.07
Average	**1.06**	**−0.17**

Source: Phoenix-Hecht Inc.

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Choosing . . .

Continued from page CM26

States. In principle, this network is very similar to the lockbox networks introduced by many banks to reduce float.

However, here the objective is reversed.

The more controlled disbursing sites a company uses, the greater the potential for increasing clearing float.

By strategically choosing sites from the approximate dozen available in the network, a company can optimize float on a vendor-by-vendor basis.

The Security Pacific network also is designed to provide a window for electronic payment. By sending the bank a tape of payments to be made through the payment network, the bank, in turn, can strip off those payments to be made electronically and send them through the ACH system.

In many ways this is like having your cake and eating it too. The Payment Network gives the corporation both access to the next generation of electronic payment and at the same time provides maximum float advantage in the current paper based system.

• **How much will controlled disbursing cost?** Of all the non-credit services surveyed by Phoenix-Hecht, banks report the highest profit margins on their controlled disbursing services.

The survey indicated an average profit margin of 42% for controlled disbursing, while wholesale lockbox only earned the banks on average 24%.

Phoenix-Hecht's product manager survey of banks indicates that for a typical controlled disbursing account, the bank charges an average of $1,091 per month.

(This price was for 5,000 checks paid per month, an average daily presentment totaling $1 million, daily telephone notification in time for wire transfer funding and 10 stop payments placed during the month.)

The components of bank pricing also are interesting. First, the account maintenance charge is significantly greater than for a standard corporate checking account. Nationwide, this averaged $132 for a controlled disbursing account while only $12.40 for a regular corporate account.

In addition, the corporation should expect to pay about $2.70 per day for telephone notification and $4.75 for each incoming wire transfer. The average price for each check paid was 13.8 cents on a nationwide basis. The stop payment orders cost on average nationwide $9.90.

In comparing these average charges to those which you might be quoted, keep in mind there are differences regionally and based upon quality dimensions such as the promptness and timeliness of the telephone notification.

As discussed earlier, the company should also expect to pay a premium if the bank will permit it to fund with next-day money because of the additional credit risk.

Controlled disbursing is now a mature product. Contrary to the beliefs of many and certainly the hopes of the Federal Reserve, it is neither a dying nor a declining product.

The product managers queried in our survey indicated they expect to see an average 26% increase in item volume for their controlled disbursing systems in 1985.

Outside of the expected growth in ACH volume, this is the fastest growth rate of any non-credit product banks offer. ■

Steven F. Maier is president of UAI Technology and Larry A. Marks is president of Phoenix-Hecht Inc.

Datebook

July 22-23, New York and **Aug. 5-6,** Denver: The American Management Association will sponsor "Corporate Cash Management." Contact the AMA's registrar in Saranac Lake, N.Y., at (518) 891-0065.

July 24-26, Washington and **Sept. 18-20,** Los Angeles: The National Institute for Management Research will hold its Eighth Annual Conference on "Financial Information Systems." Contact the NIMR in Los Angeles at (213) 450-0500.

July 29-Aug. 2, Boulder, Colo.: The American Management Association will hold "Financial Accounting for Bankers." Contact the AMA in Rolling Meadows, Ill., at (312) 228-6200.

Aug. 2, Lincolnshire, Ill.; **Oct. 21-25,** Chicago: The Cash Management Consulting Division of The First National Bank of Chicago is holding a seminar on the "Principles of Cash Management." Call the division at (312) 732-6838.

Aug. 5-6, Denver: The American Management Association will sponsor "Corporate Cash Management." Contact the AMA in Saranac Lake, N.Y., at (518) 891-0065.

Aug. 12-16, Minneapolis, Minn.: The Bank Administration Institute will hold an "Intermediate Bank EDP Auditing" seminar. Contact Peggy Meyer in Rolling Meadows, Ill., at (312) 228-6200, ext. 716.

Aug. 28-30, Chicago, Ill.: The Bank Administration Institute will hold a "Finance Planning" seminar. Contact Peggy Meyer at (312) 228-6200, ext. 716.

Sept. 5-6, New York: The Corporate Cash Managers Association of New York will sponsor the third annual "New York Cash Exchange '85."Contact R.E. Flagg, Flagg Management Inc., New York, at (212) 286-0333.

Sept. 17-19, Newark, Airport, N.J.: White Papers Inc. will sponsor its fourth annual "Corporate Electronic Payments Conference." Contact George C. White in Upper Montclair, N.J., at (201) 746-5456.

Sept. 18-20; Los Angeles: The National Institute for Management Research will hold its eighth Annual Conference on "Financial Information Systems." Contact NIMR in Los Angeles at (213) 450-0500.

Oct. 6-8, Fort Lauderdale, Fla.: The Cash Management Institute presents "The Second Annual CMI Industry-Specific Group Forums/Customizing Your Company's Cash Management Needs." Contact Robert Missert at (800) 343-5413.

Oct. 6-9, Monte Carlo: The Risk and Insurance Management Society and L'Association Europeenne des Assures de L'Industrie will cosponsor "New Tools, New Practices, New Challenges . . . Risk Management Faces the Future." Contact Gordon Stack of RIMS in New York at (212) 286-9292.

Nov. 10-13, New Orleans: The National Corporate Cash Management Association will hold its sixth annual conference. Contact the NCCMA in Newtown, Conn., at (203) 426-3007.

Dec. 4-6, Durham, N.C.: The NCCMA, in conjunction with the Fuqua School of Business, will sponsor a "Fundamentals of Cash Management Program." Contact Ray Watson, of the school, at (919) 684-5310.

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**Assuming corporate taxpayer subject to maximum effective federal tax rate of 6.9% on qualifying dividend income.

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a lockbox

quality of service; relationship with bank; lockbox processing reputation; and financial status of bank.

For a feature like price, specify the specific information you need for your evaluation, and how you intend to get it:

- Total price per item processed — gotten from the proposal.
- Availability (estimated or guaranteed?) — from the proposal.

Or for quality:

- Error rates in processing — from the proposal.
- General appearance of operation — from on-site visit.
- Number of customer service personnel — from the proposal.
- Quality of customer service personnal — from on-site visit and from references.

You might wish to use an explicit scoring system to help rank the banks against each other. Assign a number of points to each overall feature that reflects the relative importance of each to you in the selection process. The list of features above might be scored as follows: price, 25 points; quality of service, 50 points; relationship with bank, 10 points; lockbox processing reputation, 10 points; and financial status of bank, 50 points.

Such a ranking shows quality and financial status are equally important; price is roughly half as important; and relationship and reputation are to be considered but given much less weighting than the other features. It is important to select point assignments that reflect your company's priorities.

Now spread those points over the things you intend to evaluate for each feature. Price (25 points): total price per item processed, 10 points; and availability, 15 points.

Quality (50 points): error rates in processing, 10 points; general appearance of operation, 15 points; number of customer service personnel, 5 points; and quality customer service personnel, 20 points.

Finally, determine how many points a given bank will receive on a given evaluation feature, depending on its performance. What does a high price merit, in terms of score? If a bank guarantees its availability, and offers very competitive availability, how should it score relative to a bank that offers poor availability?

The scoring system can be as simple or complex as called for. But its primary purpose is to help you objectively and systematically catalog and use all the information you will be receiving throughout the selection process.

Evaluation techniques

The suggestions above allude to some techniques that can be used to gather the information you need to do a good evaluation. You probably will want to use all of them. They include the proposal, on-site visits and reference checks.

The proposal — Begin your evaluation by asking each bank to submit a proposal for operating the lockbox. This can be done by telephone or letter. The more information you desire, though, the more it makes sense to take the time to write a specific request. This will ensure that all candidates receive the same specifications, and will force you to spell out clearly just what you are looking for.

In the proposal request letter, you will certainly ask for a price quote. Be specific about the minimum service you require.

For example, if regular U.S. mail is acceptable for sending your remittance material to you, say so. If you are interested in knowing how much extra it will cost to use an express courier, say so. Ask that your price quote show both variable (per-item) and fixed charges for all expenses you will incur (for instance, the cost of maintaining an account at the bank). The bank should calculate your expected total monthly cost, and your expected per item cost, on an all-in basis.

You also should ask about availability, inasmuch as it can be considered part of the price. For example, one bank might grant immediate availability on upstate New York items while another grants one day. If you have few or no dollars drawn on upstate New York, this is immaterial to you. But if you have large items drawn in this area, it could be important. At 10%, this one day's difference in availability on $100,000 comes to almost $30. It is also important to learn if the bank guarantees its availability schedule, or if it simply promises to try to achieve it.

Your letter to the candidate banks might ask some questions about the bank's operation and staffing. The Bank Administration Institute has a standard questionnaire that covers a multitude of operating questions. Most banks have responses readily available for the BAI questionnaire, so you might want to request a copy.

On-site visits — Physically inspecting the lockbox operation can be a most revealing evaluative technique, and is an essential activity if you have never seen a lockbox in operation.

Observe the operation generally. Does it appear orderly, or in a state of disarray? Remember, those stacks of mail sitting here and there on the floor could be your remittances.

Other than the state of orderliness, it is difficult to know in advance what to look for during your visit, but you will know it when you see it. If the lockbox employees appear to be seasoned veterans, you probably will have someone similar assigned to your account. If the area is under construction, work flow and efficiency might be impaired until construction is completed. If all employees are enjoying a coffee break at the same time, who minds the shop?

An on-site visit also gives you a chance to meet the customer service personnel with whom your company will deal when problems arise. If these people talk knowledgeably about their work and appear courteous and calm, you may be reassured that the inevitable problem will be handled efficiently.

Lockbox units are usually at their busiest in the early morning. For this reason, it is a good idea to schedule morning visits.

References — This is also a very powerful evaluation tool. Your

Continued on page CM31

Selecting a bank should be done systematically, and with adequate thought given to the features that are of primary significance.
— Cathy L. Rollins

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New Orleans: The city seldom lets you down

Think of New Orleans, and you think of jazz. Think of New Orleans jazz, and you think of Preservation Hall.

By Fred Williams

NEW ORLEANS — The Crescent City, Mardi Gras, party town, a gastronomic delight. These and dozens of other colorful terms have been used to describe this city located at the mouth of the Mississippi River, where visitors seeking fun, food and entertainment usually aren't disappointed.

The sixth annual conference of the National Corporate Cash Management Association will be held here Nov. 10-13.

New Orleans has been described as America's European masterpiece, representing more than 250 years of French, Spanish and American culture. Whether the visitor is interested in history, jazz, sports, nightlife, family fun or some of the finest dining anywhere, New Orleans seems to have it all.

Dining is a special event in New Orleans. A check of the city's restaurant directory reveals cuisine from practically every continent on earth in establishments ranging from wharfside seafood stalls to world-class dining emporiums.

In New Orleans, a meal is something to be lingered over, savored and remembered, and dining is usually continental style — unhurried and leisurely.

The cuisine is but one tangible evidence of the city's varied culture and history. Thus, the two most famous culinary traditions are those developed by the Cajuns and the Creoles.

The difference between the two styles, generally speaking, is that Cajun cooking is "country cooking" and tends to be more robust, using a lot of hot peppers and a variety of sausages, duck, chicken, pork and seafood. Crawfish bisque and crawfish etoufee, sauce piquante and andouille gumbo are examples of Cajun dishes.

Creole cooking was developed by the French and Spanish settlers to the area and their servants and is probably best exemplified by its sauces. Creole food is spicier than Cajun food, but Cajun food is much hotter. Creole food is further categorized into haute Creole (Oysters Bienville and Oysters Rockefeller) and lower Creole (red beans and rice).

There is a variety of food and dining experiences, along with a host of other experiences to be found in the famed French Quarter near downtown New Orleans.

The quarter is a 90-square-block area bordered by the Mississippi, Esplanada Avenue and Canal and Rampart streets.

Jackson Square is the heart of the French Quarter and is flanked by the Presbytere and the St. Louis Cathedral. Some of the area's street life will be found in the square, including portrait painters, caricaturists, mimes and musicians, chess players, roller skaters, camera-toting tourists, tap dancers, break-dancers, fire-eaters and food vendors.

Across the square on the riverside is the recently renovated Jackson Brewery. Inside is a multitiered beehive of shops.

Nearby are other attractions such as the French Market, Pirate Alley, Royal Street — with its antiques, jewelry, rare books and art galleries — the Gallier House and Historic New Orleans Collection and the Louisiana State Museum.

Sexy, sassy, brassy Bourbon Street is perhaps the best known avenue in the city, heralded far and wide for its circuslike atmosphere of jazz festival, food fair and pedestrian mall. It has been called Piccadilly Circus, the Ginza and Times Square all rolled into one, highlighted by a lot of jazz.

This year marks the 150th anniversary of the oldest continuously running railway system in existence: New Orleans' streetcars are a serious form of transportation in the city. Many consider it easier to ride the streetcar to the central business district than to park a car there.

"The Streetcar Named Desire," from which Blanche DuBois descended in the opening scene of Tennessee Williams' famous play, ran along Desire Street.

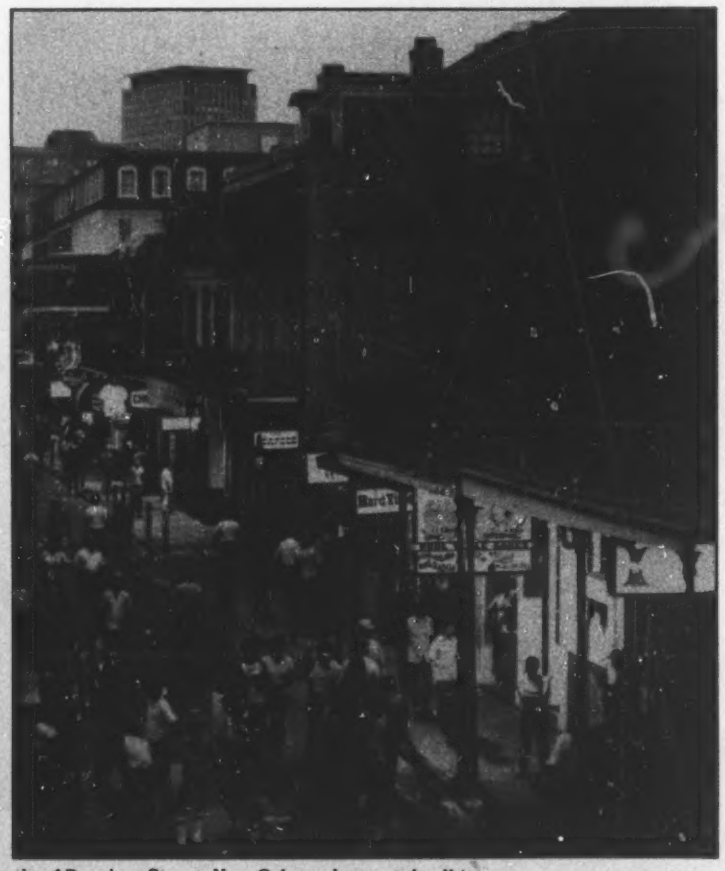
Visitors can ride one of the cars that affords an impressive view of the city's Garden District and Uptown New Orleans and along St. Charles Avenue, where it rolls beneath huge arching oaks and past miles of mansions.

More than 6 million people visit New Orleans each year and are seemingly undeterred by the fact the city lies an average of 6 feet below sea level.

New Orleans often has been called one of the more unusual cities in the nation. The easy blending of the old and the new is apparent in the high-rise structures that tower over the slate-roofed buildings in the Vieux Carre.

The port of New Orleans is a key factor in the area's expanded trade and river transportation. New Orleans is the largest U.S. port and second most productive in value of foreign commerce and total waterborne commerce handled in the world.

New Orleans hosts 50 commercial banks. Prior to the 1984 World's Fair, several major hotels, retail stores, and restaurants were constructed in the financial district and the growth continues.



From the solitude of the Cathedral of St. Louis to the bustle of Bourbon Street, New Orleans has a style all its own.

New Orleans Food Directory

Food and dining are among the important attractions for most visitors to New Orleans. Local, regional and international dishes await those interested in sampling fare from some of the finest restaurants anywhere. Representative dining establishments in the city include:

CAJUN

Mulates Restaurant, Hwy. 94, Breaux Bridge, La.

CREOLE

Antoine's Restaurant, 725 St. Louis St.; Arnaud's Restaurant, 813 Bienville; Broussard's Restaurant, 819 Conti; Delmonico Restaurant, 1300 St. Charles; Lenfant's Restaurant & Dance Club, 5236 Canal Blvd.; La Louisiane, 725 Iberville; Maison Dupuy Hotel, 1001 Toulouse St.; Olivier's Famous Creole Cuisine, 2519 Dreaux Ave.; The Caribbean Room at the Pontchartrain Hotel, 2031 St. Charles Ave.

FRENCH

Andrew Jackson Restaurant, 221 Royal; Brennan's Restaurant, 417 Royal; Christian's Restaurant Inc., 3835 Iberville St.; Crozier's Restaurant Francais, 7033 Read Lane; Lafayette Hotel, Le Carre Bistro, 628 St. Charles Ave.; Le Ruth's Restaurant, 636 Franklin St.; Masson's Restaurant Francais, 7200 Pontchartrain Blvd.; Hotel Intercontinental New Orleans, 444 St. Charles Ave.; Galatoire's, 209 Bourbon.

SEAFOOD

Algiers Landing, 2 Bermuda St. Wharf; Cajun Catfish House, 521 Central Ave.; C'est Si Bon Seafood & Steakhouse, corner of

Continued on page CM34

Fees survey . . .

Continued from page 3

schedules because of possible negative reaction from clients.

"They were already higher than the larger banks and may not want to be perceived as charging more than their larger counterparts . . . and they did have such a large increase last year," she said.

Small banks and trusts raised their fees 15.6%, on average, in 1984.

Ronald D. Peyton, president of Callan Associates Inc., San Francisco, said most smaller banks are not making the changes that would require higher fees.

"Small banks have not been beefing up their staffs and paying higher compensation" like the larger banks, he said.

Mr. Berg said the ancillary position of some trust departments in smaller banks makes it difficult to increase fee schedules.

"The general reason small banks haven't raised their fees is that the commercial banking side is controlling that situation," he said.

He explained the commercial sides of the smaller banks, as well as the clients, use the strong commercial banking relationship as leverage on the trust department to maintain fee schedules.

The lack of change by small banks, and the continued increase of fees by large banks and trust companies, has resulted in the larger banks now charging higher fees than smaller ones.

The study showed the average median balanced fees charged by larger banks were 5% lower than small banks and trusts in 1984. However, this year, the larger banks were 2% higher.

"A lot of banks have done a great deal to improve their image. Their increasing fees have been a way to keep top personnel," said Ms. Buck.

Callan's Mr. Peyton agreed higher fees are a result of banks' efforts to compete more directly with the independent managers. "The large banks are increasing their fees because they are becoming more competitive in their performance."

Although the large banks and trust companies, in general, recorded the highest increase in fees in comparison to the other manager groups, they continue to charge lower fees than the independent investment counselors.

According to the survey, bank and trust company fees are between 10% and 20% lower on fixed-income accounts and as much as 30% lower on balanced and equity accounts.

However, the banks continue to narrow the gap between themselves and the independent investment counselors, who appear to have reached a fee ceiling.

"(The independent counselors) have reached the maximum and are under a lot of fee pressure. Banks are so far behind, they are playing catch up," said Mr. Peyton.

SEI's Ms. Buck said managers' clients believed higher fees meant better performance.

"They have said, 'We charge more, but we are better.' We found that not to be true," said Ms. Buck.

Ms. Buck said the correlation between performance and fees was higher for equity accounts than for balanced or fixed-income accounts, but for the most part was still low.

Mr. Peyton said there may be a correlation, depending on when the performance is measured.

"The high-fee managers are the more aggressive managers that buy the kind of stock that hasn't done well over the last year," he said.

Mr. Berg said managers use fees as a means to establish themselves in a desired position in the market.

"You have to ask yourself, 'What correlates with a firm's fee schedule?' The main thing is the pricing strategy of the firm which is tied to the marketplace and what they see as their position in that marketplace," he said.

Mr. Berg said the size of the investment firm may affect the fees charged to new clients.

"For a large organization, by the very nature of its size, it's all incremental income, so they can price fees on a volume basis. In a small firm that's not true," said Mr. Berg.

He said new business at a smaller firm may require additional personnel or technology, which would require additional income.

Increased fees could be the result of good performance, he said.

"Obviously, an organization that has, over time, had superior performance, will increase their fees to be in a superior position," Mr. Berg said.

"However, you have to have a significant difference for it to be truly significant because most pension executives are not fee sensitive, they're results sensitive." ■

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The Department of the Treasury of the State of Louisiana and the Board of Directors of the Louisiana State Employees' Retirement System (the "Board") requests proposals to provide investment counseling services to the Board, which has a portfolio of approximately $1,300,000,000.

The investment counselor or counselors selected will make recommendations to the Board as to the purchase or sale of securities by the Board, and will meet monthly with the Board to review the investment assets. The investment counselor or counselors shall have no discretionary authority with respect to investment decisions.

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Assets grow, execs' power doesn't

By Alan Krauss

NEW YORK — Pension executives generally have not increased their power in the corporate hierarchy in the past several years, even though corporate pension assets have burgeoned.

Despite the increased importance of pension assets to the corporation — and the meshing of corporate finance with pension finance — relatively few pension executives make the transition into general corporate financial management.

Interviews with current and former pension fund executives, industry consultants and executive search firm officials show that while a number of pension executives have moved beyond their asset-management duties to gain broadened responsibilities in the corporate treasury, relatively few as yet have advanced to the top of the financial ladder.

During the past five years, as many plans have become overfunded, pension assets have loomed as a larger factor in the corporate financial structure, said William F. Brock, executive vice president and director of consulting for Evaluation Associates Inc., Westport, Conn.

But individuals have not been able to turn this trend into increased personal corporate clout, Mr. Brock said: "It should be the case, but hasn't."

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Late news

Withdrawals increase

Pension officers are withdrawing increasing amounts of money from open-end real estate funds, real estate officials have revealed.

• In the second quarter, $180 million was withdrawn from Prudential Insurance Co.'s $5 billion Prop-

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Pensions & Investment Age

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Photo by Michael A. Marcotte, courtesy of Deak-Perera

$738 million is divested by 51 tax-exempt funds

By Trudy Ring

Fifty-one tax-exempt funds with assets of about $36 billion have divested themselves of $738 million in South Africa-related securities, a *Pensions & Investment Age* survey reveals.

As unrest escalates in that segregated nation, pressure is mounting on other pension and endowment funds to stop investing in the U.S. companies doing business there.

• U.S. companies have felt the pressure, not through their pension funds, but through shareholder resolutions.

• Opinions differ on the appropriateness of divestiture. There is no agreement on its effect on investment performance, nor evidence of its effect on the companies that issue the securities.

Opinions also differ on whether any tactics — divestiture by pension and endowment funds, discontinuance of U.S. corporate operations in South Africa or endorsement of the Sullivan Principles — would improve the lot of the black majority in South Africa. Still, divestiture has many active proponents.

• Endowment funds, influenced by a wave of student protests, have led the way to divestiture, with at least 42 major funds adopting some sort of South Africa policy and divesting $185 million in securities in recent years.

The issues and players of divestiture — page 31

Many bills on South Africa-related investments have been introduced in the states, but few have passed. Eight have adopted some investment restriction; four of them have divested, selling $443 million worth of securities. Divestiture legislation was introduced in another 24 in the past year, but failed or was vetoed in 10 of them. In the rest, it still might come to a vote.

Eighteen major cities have enacted South Africa policies for their pension funds but, in some cases, the resolutions have been advisory only. The five cities that have divested to date have sold $110 million in securities. Resolutions are

Continued on page 37

'Pension parachute' used

Carbide guards surplus

By Barry B. Burr

Union Carbide Corp.'s adoption of a "pension parachute," a device to deny unwanted corporate suitors its $762 million in surplus pension assets, appears to be part of a growing trend by corporations.

The practice already is raising the fury of some institutional investors and such figures as T. Boone Pickens Jr., who called the $762 million surplus "the world's largest golden parachute."

Other corporations, such as Sun Co., which has about $260 million in surplus pension assets, already have adopted a pension parachute.

More corporations appear likely to follow with similar measures, according to consultants.

It's unclear if the recent moves, especially Union Carbide's, would avoid the problems encountered by the Great Atlantic & Pacific Tea Co. A&P adopted what was probably the first pension parachute in a vain attempt to avoid a takeover. After the company was taken over, the new management attempted to nullify the parachute.

A&P still is involved in litigation, in large part because of the pension parachute, over the reversion of its $265 million surplus.

New York-based actuary Towers Perrin Forster & Crosby has been a consultant on pension parachutes for Union Carbide, Sun and other companies.

Union Carbide, rumored as a takeover target, is the latest to enact the device. In a filing with the Securities and Exchange Commission, its board of directors amended the retirement plan, providing that "in the event of an 'unfriendly change in control,' surplus asset held in the plan may be used to increase benefits."

"Such amendments ensure that any surplus assets held in the plan are not utilized for the benefit of the person or entity acquiring control under such circumstances unless the board of directors otherwise approves," the SEC filing said.

Executives of Union Carbide, Danbury, Conn., said the change still allows the company, if it so chooses, to terminate the plan and recapture the surplus without providing any enrichment of employee benefits.

Besides the pension amendment,

Continued on page 44

ESOP buys Ogden units

By Barry B. Burr

NEW YORK — Ogden Corp. will reap $200 million in cash and $105 million in convertible preferred stock by selling its Avondale Shipyards Inc. and industrial products division to a new employee stock ownership plan.

The ESOP was financed, in part, by surplus assets of what appears to be a spinoff/termination of pension plans of the sold units. However, the Pension Benefit Guaranty Corp. has received no notice of intent to terminate.

The move is one of the most recent by many companies terminating pension plans and recapturing excess assets to help finance acquisitions.

The spun-off units will be joined to form a new company, Avondale Corp. The ESOP, set up for the benefit of the divested units' nonunion employees, will buy about 8 million shares, or $270 million, of the new company.

Ogden will retain about 30% ownership in the new company through its convertible preferred stock. It will elect three of Avondale's seven directors.

Phua K. Young, a research analyst at Shearson Lehman Brothers Inc., said the industrial products group has had problems, but "combining that with the Avondale (shipyard unit), you have yourself a pretty good company."

The ESOP is being financed with $80 million in surplus pension assets and $190 million in senior secured debt from a still-incomplete syndicate of banks led by Citibank, New York.

Of the termination, Donald A.

Continued on page 42

A worker fabricates metal components at Mayville Metal Products Co., a unit of the new Avondale Corp.

Quarterly GIC rates

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Raymark shortfall might be windfall

By Barry B. Burr

TRUMBULL, Conn. — Amid continuing operating losses and asbestos litigation, Raymark Corp. has turned an almost $20 million pension deficit into a surplus and now might terminate the $58.5 million plan to capture its excess assets.

John Lutsi, controller, said severe financial pressures at the corporation forced the actions that led to the turnaround. Raymark hasn't reported an annual material profit on continuing operations since before 1980.

Raymark has been slashing pension expenses and contributions in recent years to cut corporate costs. Last year, it won a waiver from the Internal Revenue Service to defer its contribution altogether because of its financial "hardship," Mr. Lutsi said.

He said making the 1985 contribution or seeking another waiver depends on the termination decision.

John Kutzler, vice president-finance and chief financial officer, confirmed Raymark is considering a termination, but said no decision has been made.

Despite the cuts in contributions, he believes the plan now has built up a surplus. Raymark, formerly called Raybestos-Manhattan Inc., disposed of about $20 million in pension liabilities by selling some corporate operations and changing actuarial assumptions.

In addition, Messrs. Lutsi and Kutzler attributed a large part of the liability reduction to a complex pension financing strategy.

Managed by Ward & Wissner Capital Management Inc., New York, the strategy involved setting up an immunized fixed-income portfolio with the use of financial futures to lock in a minimum 14.4% rate of return, until Raymark raised enough cash over the three years from maturing guaranteed investment contracts to buy bonds (*Pensions & Investment Age*, March 15, 1982).

Raymark expects to have the cash to buy bonds to move to a traditional dedicated portfolio by 1986 when its last GIC matures.

Even though Raymark hasn't put

Continued on page 42

Move to outside firms eyed

Texas bond swap being probed

By Fred Williams

AUSTIN, Texas — A bond swap by the Teacher Retirement System of Texas, under investigation by the state auditor, might revive efforts to require the state's public pension systems to use outside investment managers.

Both of the major state pension funds — the $11 billion teachers fund and the $2.5 billion Employees Retirement System of Texas — are managed internally.

The auditor's office is investigating two separate bond trades by the teachers' fund. One involved the swap of $169 million of Housing and Urban Development hospital bonds last year for a like amount of U.S. Treasury bonds. The other is the sale of $8.5 million par value corporate bonds issued by a company "in a distress situation," said Carl Johnson, the audit manager heading the investigation.

A former employee of the teachers' system approached the state auditor, claiming "some of the transactions and some of the securities were sold below market value," Mr. Johnson said.

The former employee also contended the Treasury bonds had a lower yield than the hospital bonds.

Although fund officials said the swap met all the criteria established for such trades, the system voluntarily instituted additional controls after the former employee went to the fund's executives in February. The problem was "mainly in the way these types of transactions are handled regarding a lack of clarity over procedures and guidelines," Mr. Johnson said.

"Some of the things they set in motion were new, such as redesigning the forms they use to document these types of trades," he said. "Some were just putting into writing some of the policies which had been oral only. They want to make sure everyone observed some checkpoints on certain types of transactions."

The auditor's office will have additional recommendations following the completion of the investigation, he added.

Mr. Johnson said he has seen nothing to indicate any "wrongdoing" with the bond transaction. "We're approaching it as an internal control issue, rather than a legal issue. We're not at that point at all to suggest anything improper."

"Most of the issue has to do with the pricing and the way the yields were computed," he said. "It does kind of open up this to some question. Generally (the teachers' fund) looks to positive market yield improvements. According to the method they used, they got that.

"There is a question as to whether that method accurately reflected the yield. I think it wasn't the correct method. It kind of tended to understate the market yield on the (HUD) hospital bonds.

"That indicates these were unusual transactions for them and outside the parameters they like to operate in. We are concerned

Continued on page 41

Ameritech reoptimizes portfolio

By Richard J. Gillespie

CHICAGO — Ameritech has reoptimized its $2.4 billion dedicated bond portfolio and has taken some capital gains on its holdings, all just eight months after the dedication was set up.

The reoptimization was done by Salomon Brothers Inc., New York, in conjunction with National Investment Services of America Inc., Milwaukee, the investment management firm hired to manage the portfolio.

In a dramatic twist, Salomon Brothers began executing trades for American Information Technologies Corp.'s dedicated bond portfolio July 23 in New York, and continued trading in Tokyo after the New York markets closed.

After the Tokyo markets closed, the trades were carried over to the London market, concluding in New York the next day, said Donald W. Phillips, director of investment management for Ameritech.

The reoptimization was necessary, he said, to take care of liabilities created by a new crop of 1985 retirees, and to "fine tune" the portfolio. He said the fund had decided to "buy some time and let the dust settle" last December when the portfolio was set up by immunizing a large portion of the fund instead of precisely cash matching it.

When a dedicated portfolio is reoptimized, existing securities are swapped with other securities to produce a tighter match between assets and liabilities, or an increase in yield.

At the same time, Mr. Phillips said, the fund had an opportunity to pick up capital gains on bonds bought last year, in a rebalancing that might be done every year.

The original $2.4 billion portfolio was set up to yield between 11.5% and 11.55%.

At the time, it cut Ameritech's then-estimated $218 million annual pension expense by $68 million, Mr. Phillips said.

About half the original portfolio was placed in U.S. Treasury bonds, but the plan also purchased U.S. agency bonds, A-rated corporate bonds, government-backed project bonds and Canadian bonds.

Neither the original trades nor those in the rebalancing had any appreciable effect on the market prices of bonds, according to Joseph Gorman, president of NISA.

When Goldman, Sachs & Co., New York, did the cash-matching of the original $2.4 billion portfolio last December, the market effect was minimized by using $1 billion in existing fixed-income assets, Mr. Phillips said.

No public announcement was made until after the original dedication and rebalancing moves were made.

"Until it was put in (a Wall Street Journal advertisement), nobody knew it was done then, and that was also true again here," said Mr. Gorman.

Asked why Salomon Brothers had been chosen to do the reoptimization when Goldman did the initial executions, Mr. Phillips explained both firms had been advisers in the original transaction; it was Salomon's "turn," he said.

At the same time, the decline in interest rates might have enabled the fund to take advantage of a very large capital appreciation, but Mr. Phillips declined to specify the actual amounts.

He acknowledged the reoptimization involved a "lot of trades," but would not give a dollar amount.

The change in portfolio mix had been worked out before with Salomon Brothers and NISA, and Ameritech had "worked off the spreads" in pricing the new portfo-

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Late news

Continued from page 1

erty Investment Separate Account; $12 million was deposited.

• About $107 million was withdrawn last quarter from Equitable's $2.7 billion Real Estate Account No. 8; $26 million was deposited.

• About $41.5 million was withdrawn from, and $53.4 million deposited in, the $1.5 billion Aetna Insurance Co. Real Estate Separate Account during the first half.

• Also during the first half, about $72 million — including $63 million during the first quarter — was withdrawn from John Hancock Mutual Life Insurance Co.'s Equity Real Estate Account, compared with about $4 million in deposits.

Reform bills advance

WASHINGTON — The House Labor-Management Relations subcommittee approved a package of three bills to reform the termination insurance system for single-employer pension plans.

The subcommittee also limited to five years the length of contingent liability for employers that transfer underfunded plans to other companies. Left unresolved was a section involving employer obligations when granted a funding waiver.

FDIC named in suit

NEWARK, N.J. — A suit was filed in U.S. District Court here against the Federal Deposit Insurance Corp. charging it knowingly made "false and malicious statements" about a Clifton, N.J., investment firm, High Yield Management Inc.

The suit also demands payment of all insured deposits held at Strong's Bank, Dodgeville, Wis., which was closed by the Wisconsin Banking Commission June 14. Subsequently, an officer of the bank was arrested by the FBI in connection with the bank's failure.

The complaint states the agency knew High Yield Management was not involved in any fraudulent transactions, and that the action of the FDIC in withholding payments to insured depositors who are clients of High Yield Management is part of its "campaign to frighten and discourage persons from doing" brokered deposits.

Purchasing continues

MADISON, Wis. — The $12.3 billion State of Wisconsin Investment Board has purchased 518,000 shares, or 5.3%, of SCM Corp. and 212,000 shares, or 4.8%, of Sikes Corp., during the past two months, Securities and Exchange Commission filings show.

Plans may be merged

MILWAUKEE — The $200 million Johnson Controls Inc. pension plan likely will merge the pension plans of two recently acquired firms — the $90 million plan of Hoover Universal Inc., Ann Arbor, Mich., and the less than $10 million plan of Ferro Manufacturing Corp., Southfield, Mich. — to streamline administration, said James M. Wade, Johnson Control's treasurer.

Buy-out price queried

WESTLAKE, Ohio — The Department of Labor's "preliminary concerns" about Scott & Fetzer Co.'s pending leveraged buy-out appear to have been boosted by a union complaint about uneven stock prices to be paid by an employee stock ownership plan, management and investor groups.

The Amalgamated Clothing & Textile Workers Union told the department the newly formed ESOP would pay $44.39 per share for its 41% stake in the company, while management and outside investors would pay from $1.50 to $3.46 per share for their interests, a union official said.

However, the company's proxy statement said the investors would pay the equivalent of $60.69 per share when their guaranty of $161 million in debt is considered.

Late money movers

• FAIRFIELD, Conn. — The $2.9 billion Common Fund appointed Franklin Asset Management System to a $30 million equity account and Coniston Partners, New York, for a $5 million limited partnership.

• SAN FRANCISCO — Blue Shield of California has hired IDS Trust Co., Minneapolis, as investment manager, trustee and record keeper for its 401(k) plan, a Blue Shield spokesman said. The plan previously was managed by The Dreyfus Corp., New York.

Bell companies ring out the old, ring in the new

By Fred Williams and Rick Rosenfeld

Ameritech's decision to put as much as $500 million into international investments by the end of the year is the largest, but by no means the only, firm international move expected from the seven Bell regional operating companies.

Indeed, each of the companies created by the divestiture of American Telephone & Telegraph Co. is in the process of reallocating pension assets and hiring and firing managers. They received their final distribution — about $15.2 billion — of pension assets from AT&T July 1, except for a small amount pending a final accounting later this fall.

Tax-exempt assets of the seven companies total about $41.4 billion.

Donald Phillips, director of investment management for the $7.4 billion American Information Technologies Corp. pension fund, said the Chicago-based company added four international equity managers with an initial funding level of $50 million to $100 million each. The four managers reportedly are ABD International Management Corp., New York; IDS International Inc., London; Capital Guardian Trust Co., Los Angeles; and Baring International Investment Ltd., Boston.

Ameritech plans to commit up to 15% of pension assets to international, with an eventual exposure of $900 million to $1 billion, he said.

Ameritech is the largest Bell pension fund, followed closely by NYNEX Corp., with an estimated $7 billion. Bell Atlantic Corp. has $6.6 billion; BellSouth Corp., $6 billion; Pacific Telesis Group, $5.4 billion; U S WEST Inc., $5 billion; and Southwestern Bell Corp., $4 billion.

Other than the international arena, there are few characteristics common to the investment management components of each Bell pension fund.

International investments

Explaining the common interest in international investment, James Biundo, director of trust investment management at U S WEST, said, "It is a major asset class. Half the world's market value is outside the U.S., and if we are going to invest near our potential, we have to look at all investment vehicles."

U S WEST, in Englewood, Colo., is considering an international move, with a representative now in Europe evaluating the market, interviewing foreign firms and completing a study for the fund, he said.

Roger Wohlert, assistant treasurer-finance at Southwestern Bell, St. Louis, said, "In our modeling, we have allocated money for international. We have a $100 million target amount." A search for international managers won't start for another 12 to 18 months, he said.

Kincaid Patterson, director of asset management for BellSouth in Atlanta, said no significant restructuring is anticipated, but "we are looking at some additional asset classes ... It is our intention to ultimately invest some equity funds and possibly fixed income in international."

Pacific Telesis began hiring international managers during the second half of 1984, and now has five, according to Richard Holmes, director of investment management. PacTel has nearly $270 million invested in international markets.

"The only new thing here is our international program," Mr. Holmes said. "Last year we had zero in international and now we have 5% (of the pension fund) in it and we will continue to look at international."

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Players balk at contribution size

Owners make pension pitch

By Chuck Paustian and Rick Rosenfeld

NEW YORK — Pension issues lead the batting lineup in this summer's major-league baseball player contract talks.

The controversy centers around the size of the annual contribution made by the 26 team owners to the $254 million fund. Since 1980, the contribution has been $15.5 million a year, linked ambiguously to network television receipts brought in by the league.

Officials at the Major League Baseball Players Association are asking for a $60 million annual contribution based on mushrooming television revenue. The owners made an offer July 30 — rejected by the players — of $25 million, an amount the owners would have wanted to reduce if salaries increased too much.

"Ever since 1967, we've always gotten contributions equal to one-third of television revenue," said Mark Belanger, special assistant to the association and a former major-league shortstop. "What we're saying is now that (the owners) have negotiated a big money package (with the networks), don't come to us and say 'one-third is too much money.'"

But the owners and their negotiating arm, the Player Relations Committee, have said from the start a $60 million annual contribution is too much.

"The money that was involved (during the last agreement) was a reasonable increase," said Lee MacPhail, president of the committee. "(At that time), the owners were in a break-even situation. Now, they are losing money."

But the players dispute that claim.

"The owners' claims of financial losses are not there," said Mr. Belanger. "It is a public relations ploy. There are so many write-offs allowed. The industry is designed for losses. (But these) are paper losses, not dollar losses."

John R. Westoff, associate counsel for the Player Relations Committee, said the outcome of the pension issue depends, in part, on the outcome of discussions regarding salary arbitration and team salary caps, the two other main issues in the negotiations.

"We want a recognition from the union that 'Look, you got problems.' Our contribution depends on what we get in other areas," said Mr. Westoff.

Controversy aside, the baseball pension fund is quite different from a typical corporate or public fund. First, while corporations typically have employees collecting pensions shortly after retirement, baseball players typically retire 20, 30 and even 40 years before getting their first pension check. This, combined with a player's ability to start collecting his pension at age 45, creates unique actuarial challenges.

Second, the fund is structured differently from most pension plans. John Gabel, a principal with William M. Mercer-Meidinger Inc., which oversees the fund's assets, said the pension trust is designed so the owners and players share the investment risk.

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The baseball team owners hope their pension contribution bid is 'safe' from controversy.

Sampling of pension fund terminations in recent takeovers

Acquiring company	Target plan terminated	($ millions) Termination reversion	Takeover value
Champion Int'l Corp.	St. Regis Corp.	88	1,814
United Merchants & Mfrs. Inc.	Jonathan Logan Inc.	15	170
Texaco Inc.	Getty Oil Co.	250	10,129
Mobil Corp.	Superior Oil Co.	29	5,726
Management buyout	Lyon Metal Products Inc.	12	28
Management buyout	Dr Pepper	5	512
Management buyout	Amerace Inc.	16	121
Private group	New American Library Inc.[1]	3	50
Generale Occidental S.A.	Diamond Int'l Inc.	12	584
Private group	Purex Industries Inc.	12	357
Occidental Petroleum Corp.	Cities Service Co.[2]	238	4,100
	Occidental	136	
Tengelman group	Great Atlantic & Pacific Tea Co.	265	165

[1] Sold by Times Mirror Co.
[2] Aquisition

Termination gold is mined

By Barry B. Burr

From recaptures of $962 million by UAL Inc. to $12 million by Lyon Metal Products Inc., overfunded pension plans are becoming a widely used source of cash to help finance acquisitions or thwart takeovers.

Companies, both targets and acquirers, increasingly recognize the "gold mine" from terminating plans for their excess assets.

"It's a way of going in and financing a merger," said Roger G. Ibbotson, principal of the consulting firm Ibbotson Associates Inc., Chicago, and finance professor at Yale University.

Besides acquisitions, companies are using pension termination reversions to help fight unfriendly takeovers, hoping to boost their stock price and make it less attractive. Other companies are terminating their plans and taking the cash to help finance the repurchase of their stock, as an alternative to making other investments.

In takeovers, sometimes it is the acquiring company that terminates its plan. American Stores Co., Salt Lake City, acquired Jewel Cos., a Chicago-based supermarket chain, for $875 million. Jewel did not have a defined benefit plan, only a profit-sharing program. But American Stores terminated its own pension plan, recapturing an estimated $20 million, according to the Pension Benefit Guaranty Corp.

UAL terminated its United Air Lines Inc. plan for the $962 million, in part to make the company less attractive as a takeover target by removing its cash plum, although

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Cash reserves dip; managers still bullish

By Fred Williams

Institutional money managers squeezed more cash into the stock market during the second quarter as the average cash position dropped to 6.1% from 6.3% at the end of the first quarter.

According to information compiled by INDATA, an investment analysis firm based in Southport, Conn., money managers continued their bullish mood and tried to be fully invested.

The INDATA research covers 1,063 institutional portfolios with a value of more than $109 billion. The lowest cash position INDATA recorded was 5.4% in September 1976.

Money managers contacted by *Pensions & Investment Age* had cash reserves ranging from zero at First City National Bank in Houston to more than 20% at First Chicago Investment Advisors.

Cash reserves at Criterion Investment Management Co., Houston, declined slightly to a range between zero and 10% from 10% and 15% at the end of the first quarter, said Charles Miller, president.

The decline in cash reserves came as a result of more hopeful economic signals and clearer signs the economy will expand at a healthy rate in the second half, Mr. Miller said.

"It now seems clear there will be no recession, and the expansion opportunities are more clear in the second half; it looks stronger," he said. "That causes us to invest our cash more quickly rather than holding some cash and waiting for future weaknesses to reinvest.

"Overall, we feel we are in a slowdown in the long-term (economic) expansion that will last several more months.

"We feel it will be an extended economic recovery and that the second half will show continued expansion extending on into 1986. The economy should be pretty strong."

All that adds up to favorable conditions for the stock market, Mr. Miller said, and growth stocks should offer good opportunities.

Eugene Sit, president of Sit Investment Associates, Minneapolis, reported equity portfolios continued to hold about 5% cash and another 5% to 6% short-term bonds, unchanged from the first quarter.

"We think the market has a little further to go and the key (during the second half) is to be selective," he said. "With interest rates remaining relatively stable, you really have some strong growth companies and they should continue to do well. We continue to like some of the specialty retailers, the property-casualty companies and the technology group."

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Divestiture risks can be reduced with planning, eye to the issues

By Robert D. Arnott
and Richard Boling

THE PENSION executive facing a mandate to divest South African-related securities must resolve many issues. Central among these are questions of ethics, prudence, feasibility and implementation.

The fundamental moral issues of divestiture are complex and the subject of widespread disagreement. To a great extent, the "proper" response to divestiture is in the conscience of the investor.

This article is not intended to address the ethical question of divestiture. It focuses instead on the options available to those executives who already have decided, or have been directed, to divest their portfolios of South African-related securities and are seeking strategies to translate this commitment into portfolios, with an understanding of the consequences.

Clearly, any investment strategy that systematically excludes important segments of the capital markets will introduce extra-market risk. Any strategy that introduces risk without enhancing expected return is, by definition, sub-optimal. Given this caveat, our work indicates a divestiture strategy that incorporates both optimization techniques and index futures can effectively neutralize much, although not all, of the increased extra-market risk associated with divestiture.

Prudence

The principal problem with South Africa divestiture is that it reduces substantively participation in several sizable areas of the market. Companies involved in chemicals, drugs, medicine, international oil and business machines, among other products, all have substantial South African investments.

Eliminating stocks of U.S. companies with operations in South Africa produces a corresponding increase in sectors of the economy without South African involvement. Such sectors include domestic oils, telephone services, energy utilities and retailing. Therefore, the principal problem relating to prudence is one of diversification.

We have tested the following five portfolios:

(a) Capitalization-weighted Standard & Poor's 500 stocks;

(b) Capitalization-weighted S&P 500 stocks, excluding non-signatories to the Sullivan Principals;

(c) Capitalization-weighted S&P 500 stocks, excluding companies with South African operations;

(d) Equal-weighted S&P 500 stocks, excluding companies with South African operations; and

(e) Equal-weighted New York Stock Exchange companies (used as a proxy for the Value Line stock index).

Portfolios (a) and (e) are not divestiture strategies, but are included for comparison purposes only.

A passive, capitalization-weighted portfolio (c) of S&P 500 stocks without South African operations strays from the performance of the S&P 500 by an average of 3.2%, as shown in Figure 1, and has a beta of 1.04, slightly above the S&P 500 beta of 1. This strategy excludes roughly 40% of the S&P stocks.

During the past decade, portfolio (c) would have outpaced the S&P 500 by about 2% annually (unadjusted for the high beta), as shown in Figure 2. Even so, this strategy doesn't result in a low R^2, a correlation measure; the R^2 of this particular divestiture strategy is 0.98, not far from the 1 R^2 of an S&P 500.

Because most pension plans have a less-diversified portfolio that strays further from the market than portfolio (c), a South Africa divestiture strategy can provide ample diversification.

Even a well-diversified divestiture strategy will lead to measurable extra-market risk. Figure 2 shows this extra-market risk has resulted in superior performance in the past decade. However, any strategy that can outperform can just as easily lag. If the extra-market risk translates into meaningful inferior performance, which can be traced to the divestiture decision, the fiduciary might face considerable legal liability.

Figure 1

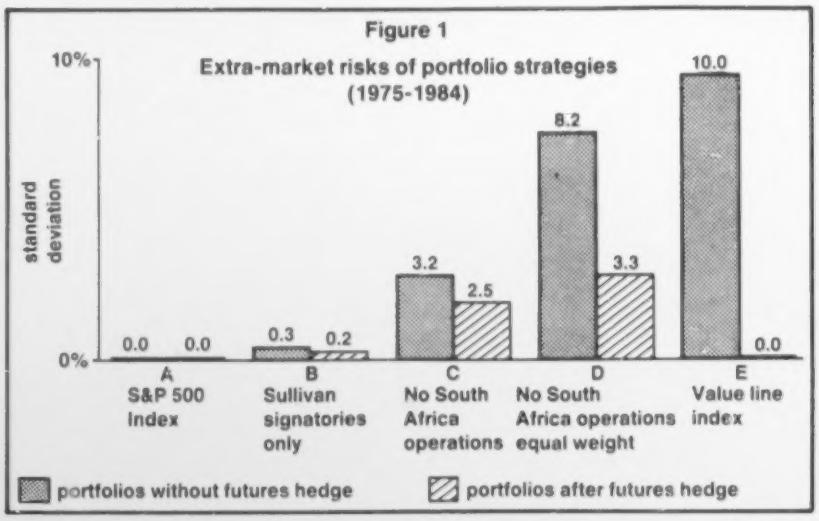
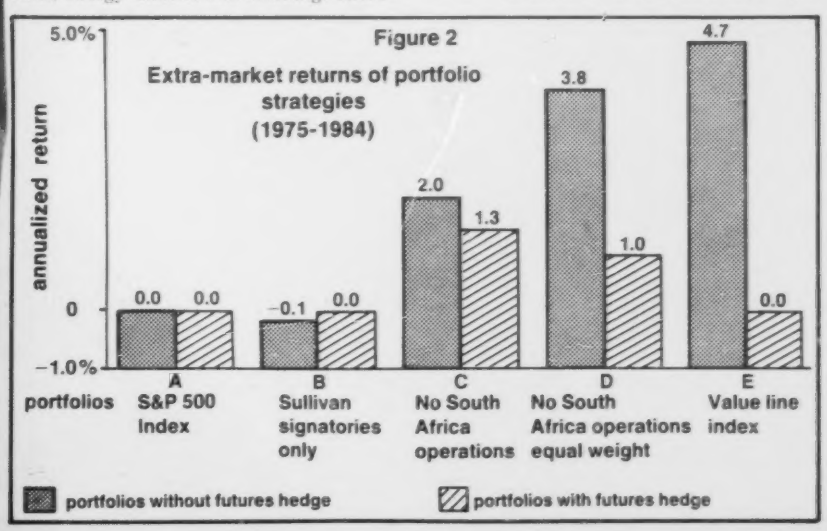


Figure 2



The issue of prudence raises another important question: Is a failure to diversify (or even selective refusal to consider investment in specific companies) for *non-investment* reasons prudent?

Feasibility

For those who choose (or have been directed) to divest, there are practical options.

Quantitative methods have given us increasingly effective optimization techniques. Optimization can be used to replace International Business Machines Corp., for example, with carefully selected investments with similar risk characteristics. In so doing, much of the extra-market risk implicit in a South Africa exclusion strategy is eliminated.

In 1979, research by Andrew Rudd of BARRA, a Berkeley, Calif., consultant, revealed the extra-market risk in a South African exclusion strategy could be reduced 30% through effective use of optimization. However, optimization alone cannot fully neutralize this risk. Unfortunately, most money managers cannot systematically control the extra-market risk resulting from divestiture. Without quantitative tools, such control is at best difficult.

The advent of trading on stock index futures provides an avenue to substantially reduce the extra-market risk associated with divestiture. For example, one can create a stock market index fund without stocks: If a pension executive uses a portfolio of Treasury bills to buy futures on the S&P 500, the result, in essence, is an S&P 500 index fund. Participation in disallowed companies is fully realized without direct investment in these same disallowed companies.

This simple index fund strategy introduces yet another moral question: Is indirect investment morally equivalent to direct investment? As before, the answer is in the conscience of the investor.

This strategy of holding *only* futures clearly is passive. What of the pension executive who wishes to continue active management of pension assets?

Generally, the excluded issues tend to be large-capitalization issues, dominated by traditional mainstream growth stocks. Consequently, any portfolio excluding these issues will tend to behave more like a small-capitalization portfolio. Intriguingly, it is possible to eliminate this effect by selling Value Line Index futures and buying S&P 500 futures. As Figure 1 demonstrates, this hedge eliminates much of the extra-market risk of a divestiture strategy.

Such a strategy can be implemented as an "overlay" without disrupting existing managers. However, this application requires use of leveraged futures positions. With a small pool of cash as collateral, futures are purchased as an "overlay" on the current positions of managers whose portfolios have been divested of South African-related securities.

While this strategy can neutralize much of the increased extra-market risk, the managers must provide a profile of their portfolio characteristics to the manager charged with operating the hedge "overlay." This can be supplied by the master trustee.

Implementation

Thus, the pension executive faces several avenues for dealing with South African divestiture:

- The executive can choose to proscribe investments in companies with South African operations. If nothing else is done, this opens the door to a challenge, legal or otherwise, of the fiduciary's adherence to the "prudent man" rule.
- The executive can choose to hire only quantitative managers with tools at their disposal to neutralize some of the extra-market risk resulting from South African divestiture. This strategy reduces, but does not eliminate, the risk of challenges based on the "prudent man" rule.
- The executive can choose to retain the existing managers and proscribe the use of issues with South African involvement. A futures program can then be instituted to neutralize much of the resulting extra-market risk.

This requires a commitment to use futures. It also requires the money managers must share information on the characteristics of their portfolios with the manager responsible for operating the futures hedge.

- The executive can choose to combine the use of a futures hedge with optimization. Optimization techniques can neutralize much of what remains of the extra-market risk after the futures hedge is applied.

The extent to which these strategies are implemented depends largely on the way effective divestiture is defined.

If, for example, a portfolio excludes only issues of companies that have not signed the Sullivan Principles, a divestiture portfolio that tracks quite closely with the market is easy to construct. If the line is drawn to exclude companies with operations in, or sales to, South Africa, the use of optimization and hedge strategies must be more aggressive if more extra-market risk is to be neutralized. If a fund's definition excludes companies with any direct or indirect investment in South Africa, nearly all S&P issues become suspect.

One virtue of the futures-plus optimization approach is that it can be adapted to a wide range of divestiture interpretations. This presumes that, as mentioned earlier, ownership of index futures is viewed as an acceptable option to ownership of prohibited individual issues.

Although effective in reducing the risks of divestiture, none of these strategies is a panacea.

Divestiture does introduce some extra-market risk that cannot be neutralized. Questions of legal liability resulting from divestiture remain largely unanswered.

Nevertheless, for the executive who must implement a responsible program of divestiture, practical strategies do exist. These strategies permit a sponsor to divest South African-related holdings without radically disrupting diversification objectives or limiting the choice of investment managers. ■

Robert D. Arnott is executive vice president and Richard Boling is senior vice president of Trust Services of America Inc., Los Angeles.

Cash Management

Hutton case spurs corporate reviews

By Richard J. Gillespie

NEW YORK — Concerns that corporations might be open to charges that they are abusing their banks are surfacing in the wake of the E.F. Hutton case cash management consultants say.

Often it is the players at the top of the corporate hierarchy — chairmen, presidents and chief financial officers — who have asked cash and treasury management consultants to review their cash management operating procedures to get some kind of seal of approval, industry sources say.

A major issue for consultants in the wake of the E.F. Hutton revelations is that overdrafting, which is standard operating procedure at many corporations, has now come to be seen in a different light.

The circumstances under which corporate overdrafting practices have come to be challenged also are unsettling to many industry commentators, who believe it constitutes a bad precedent.

Bernell Stone, Mills B. Lane professor of banking and finance at Georgia Institute of Technology, has been supervising an investigation of laws governing these practices. So far, he reports they seem to be "unequipped to deal with today's modern practices."

Most recent cases were settled out of court, he said. As a result, there are few precedents that can be cited successfully.

What is illegal, he said, is for a corporation to create a circular path for transferring funds whose only purpose is to generate float, which E.F. Hutton appeared to have done, he said.

The problem with using the Hutton case as a precedent, he said, is that the brokerage firm clearly had violated a Securities and Exchange Commission regulation governing remote disbursing, and with the prospect of having its license revoked by the SEC, it chose instead to admit its guilt on other charges.

Mr. Stone believes E.F. Hutton might otherwise successfully have challenged the Justice Department on its overdrafting practice, he said.

"I suggest that if it had gone to court, it is not clear that they would have been found guilty," he said, echoing comments by other experts.

Furthermore, he said that had the Justice Department chosen to prosecute an industrial company, as opposed to a brokerage firm, for systematic bank overdrafting, it is not clear the department would have had any success, for the same reason.

"I think the most important thing is that there is a need to clarify the laws, and what is and is not an acceptable practice in terms of disbursing and concentrating funds," he said.

John Leahy, author of the California-based industry newsletter The Leahy Report, put in calls to legal authorities seeking some clarification on the issues, but no calls were returned, he said.

Calls by this publication to the Justice Department also were not returned.

There is, according to Mr. Leahy, a mail fraud statute and a wire fraud statute that might be construed as prohibiting intentional overdrafting, but he said the laws were so broad the Justice Department "could do something to almost anybody who has a gleam in his eye, and that sometimes it was justified and it was not," he said.

"If this thing goes all the way, the Justice Department is setting up a case law for cash management professionals and I think it is a bad case on which to base a precedent," Mr. Leahy said.

"They are taking the position that it is illegal to overdraw an account. I have had companies call and say they are overdrawing their accounts, and saying that the banks know about it and are being compensated for it.

"But questions are being raised and it is not an uncommon practice for corporations to do it with the knowledge of the banks."

Andrea Bierce, a cash management consultant with Peat Marwick Mitchell & Co.'s New York office, said she found there was a general concern among senior corporate executives who wanted confirmation that their companies were not doing anything that might be construed as illegal or unethical.

"The companies that are calling are saying, 'Do not tell anybody you are working with us.' There is a robe of secrecy that shows companies are concerned," said Ms. Bierce.

In Boston, Robert T. Mayer, manager of cash and treasury management consulting for Coopers & Lybrand, said he also had received inquiries.

"The way I perceive it, and the way people have responded to it, is that there is concern that like E.F. Hutton, they have overstepped the bounds," he said.

"What is interesting to me is that the media have not been as definite as they might, particularly in view of the fact that some of E.F. Hutton's branch offices were measured on a performance basis by the amount of interest they generated. So, effectively, some of their management systems drove them to this thing."

According to another source, a major defense contractor inadvertently exploited its banks through systematic overdrafting.

It came about, he said, because of the way an internal management system calculated the return on assets of its operating divisions. It became advantageous for field officers to reduce their cash balances as much as possible and as a result, they consistently overdrafted their banks and remitted funds to the cash control center. As a result of the lower cash balances reported in the internal accounting system, they boosted their return on assets significantly, he said.

Similarly in the Hutton case, Mr. Mayer said clearly there were banks in its fold that could have been eliminated, but he said they

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Payden & Rygel index of short maturities assets*
(for month ending June 30, 1985)

	Quarter Ending 3/31/85	June 1985	Quarter to date	Year to date	Yield level monthly change*
	Annualized total returns				
90 Day					
U.S. Treasury Bill	8.24	8.01	9.07	8.74	−32
Domestic C.D.	8.26	7.56	9.20	8.83	0
Euro $ C.D.	8.39	7.61	9.38	8.98	+5
180 Day					
U.S. Treasury Bill	8.28	9.04	11.39	9.95	−30
Domestic C.D.	7.82	7.56	10.91	9.47	0
Euro $ C.D.	8.22	7.71	11.17	9.81	0
1 Year					
U.S. Treasury Note	8.35	10.69	11.48	11.90	−27
2 Year					
U.S. Treasury Note	7.30	13.99	22.23	14.97	−25

*Figures are annualized total returns. Quarter-to-date and Year-to-date figures linked monthly. 90 and 180 Day Treasury Bill yield level changes on discount basis.
*Basis points.

Source: Payden & Rygel, Los Angeles, California 90017

Cost savings touted

CACHA calls move a boon

By Richard J. Gillespie

NEW YORK — A new era in electronic payments was ushered in this summer when the California Automated Clearing House Association switched its processing services from the Federal Reserve to General Electric Information Services Co.

Among the benefits to corporations in switching the electronic payment network to the private processor, which is a subsidiary of General Electric Co., are lower electronic payments costs, improved direct deposit capabilities, and later cutoff times for cash concentration, said Dave Kvederis, chairman of CACHA.

"The biggest benefit, clearly, will be the cost savings," said Mr. Kvederis, who is also senior vice president of Wells Fargo Bank.

"The Federal Reserve charges are anywhere from two to five times more than the private sector to process the same transaction."

The most spectacular example of cost savings, he said, is in the night-cycle transaction, which is a transaction for next-day settlement that goes through after the Federal Reserve's daily cutoff times, as most corporate cash concentration transaction debits do.

The Federal Reserve charges 6 cents for a night-cycle transaction, while CACHA will pay GEISCO only 1 cent, the same as it pays GEISCO for any type of transaction.

"There will be no night-cycle premium charged under the CACHA environment," he said.

The Federal Reserve charges CACHA 1.8 cents for each side of a two-day availability transaction, such as a direct deposit payment, that flows between San Francisco and Los Angeles. GEISCO again charges 1 cent.

The cost of a typical transaction goes from 3.6 cents under the Federal Reserve to 2 cents with the private sector.

"So for the large-volume financial institution, the cost saving is pretty significant on a per-transaction basis even without other savings," he said.

Other savings for financial institutions, which Mr. Kvederis said would be passed along to corporate customers, are in the elimination of the Federal Reserve's tape handling charge for every tape that is

Continued on page 28

Testing plan met with ambivalence

By Fred Williams

The soon-to-be-unveiled professional certification program for cash managers might be headed for trouble, with some regional cash management association officials calling certification a waste of time and unnecessary.

A check by *Pensions & Investment Age* of several regional association spokesmen failed to turn up a single unqualified supporter of the program. Most were either ambivalent or openly critical of certification of cash managers as proposed by the National Corporate Cash Management Association.

The NCCMA has been working on the certification program for nearly three years, and recently published an extensive study guide and is preparing for the first certification examination next year (*P&I Age*, July 22).

NCCMA officials say they are aware of the criticism and plan to go ahead with the program. The association said its surveys show most cash managers support certification.

"Quite frankly, there's not a whole lot of concern (about certification) here," said James Wilson, cash manager at Blue Cross-Blue Shield of Indiana and president of the Central Indiana Cash Management Association.

Mr. Wilson said many cash managers believe certification is not necessary because most do not intend to make cash management a career, but plan to move up the corporate ladder. For example, he is the third cash manager at Blue Cross in 10 years.

He intends to take the certification exam because Blue Cross encourages professional development, but "there is not a strong interest in certification" by members of his association. Mr. Wilson said perhaps 15 to 20 of the 80 members might be interested.

James Wold, president of the Atlanta Treasury Management Association and cash manager at Oxford Industries Inc., is openly critical of the certification program.

"Our opinion is we don't see a need for it. I don't think 5% of our people will apply for it," he said. "We don't look at ourselves as being dead-ended in cash management but part of a bigger function . . . a part of the treasury function. We don't see cash management as an end in itself."

Mr. Wold said the certification program "seems a little misguided" and he does not intend to apply for the exam. He said the Atlanta association has discussed certification and "we found one or two who would like to take it."

"It is our opinion that the NCCMA ought not to spend much money on it," he said. "I predict a moderate turnout for the first exam. There will be some who will take it, mainly bankers and academics so they can hang a bunch of initials behind their name."

Certification "will die on the vine" after that, he said, and probably should not have been pursued as far as it has. The NCCMA started work on the program "and before anyone realized what was going on, it was way down the line," he said.

Mr. Wold said certification of cash managers is unnecessary because "it is not a complex body of knowledge. It's not that extensive. I don't think it's that big of a deal."

"Most cash managers are handling a lot of other things as well. It's not a full-time job in many cases," he said.

A similar attitude about certification is evident in the New Orleans Cash Management Association. Art Marr, immediate past president of the

Continued on page 28

Termination . . .

Continued from page 3

no company had made a move for UAL. The company plans to use the cash to help finance its recent acquisition of Pan American World Airways Inc.'s Pacific division for $750 million and 25 Boeings 737s from Frontier Airlines for $360 million. Around the same time, UAL bought Hertz Corp. from RCA Corp. for $587 million.

Although the company didn't disclose how it would finance the Hertz acquisition, analysts called the pension termination and reversion essential for financing UAL's expansion and thwarting any potential takeover (*Pensions & Investment Age*, June 24).

In takeover financing, "junk" bonds — debt securities below investment grade with high yields — make a much larger contribution in terms of absolute dollars and publicity.

Less celebrated, but growing in recognition, is the cash in overfunded pension plans, called "hidden assets" by Norman Weigner, senior vice president, Oppenheimer & Co., New York.

No one keeps track of pension terminations and acquisitions, potential takeovers or stock repurchases. But data on terminations from the PBGC and acquisitions by W.T. Grimm & Co., Chicago, indicate the use of surplus pension assets is increasing.

The accompanying chart lists some recent examples of the use of pension assets in corporate financing.

"It's definitely a gold mine to go after these overfunded plans," said Mr. Ibbotson.

"This is definitely one of the dangers of overfunding pension plans, especially when you consider the active takeover environment," he added. "It makes the pension plan attractive."

One of the most notable uses is the takeover of Great Atlantic & Pacific Tea Co. by the Tengelmann Group of West Germany.

It paid about $165 million for the supermarket chain; A&P's terminated pension plan generated a reversion of some $265 million, although the amount is still in dispute (*P&I Age*, May 27).

Occidental Petroleum Corp. took over Cities Service Co. for $4.1 billion. Occidental then terminated Cities Service's plans, recapturing $238 million, and its own plan, recapturing $136 million.

Mortimer Zuckerman bought U.S. News & World Report Inc. for $162 million. Its plan was terminated, bringing $18.7 million in surplus pension assets.

Lyon Metal's management is using the $12 million reversion from terminating the company's plan to help finance its $28 million buy-out to take the firm private.

Oppenheimer's Mr. Weigner said companies with overfunded pension plans appear to attract takeover speculation. He tracks the relationship of companies with overfunded pension plans and 13-D filings, Securities and Exchange Commission reports showing investor accumulations of shares.

"We found there is a correlation between 13-D filings and overfunding," Mr. Weigner said.

Mr. Ibbotson agreed that overfunding makes companies more attractive as takeover candidates. "It's a hidden asset," he said. "It doesn't show up on the balance sheet (only in footnotes of annual reports)."

A proposal by the Financial Accounting Standards Board would force corporations to put unfunded pension liabilities on their corporate balance sheets; but it appears it wouldn't accordingly list pension surpluses, keeping the assets "hidden."

"Raiders know how to find 'hidden' assets," Mr. Ibbotson said. "If it (pension overfunding) is on the balance sheet, raiders might have to pay a little more" for the company, because investors more likely would value the surplus in the stock price.

Mr. Ibbotson said one of the attractions of the overfunding is "how easy terminations can take place" to get at the money. In most cases, there are no proscriptions.

The use of pension plans as a source of corporate finance has its critics as well. Rep. Edward R. Roybal, D-Calif., chairman of the House Select Committee on Aging, has proposed legislation to stop the use of pension surpluses in many such takeovers, especially by companies using the reversion to help finance employee stock ownership plans to protect management and thwart takeovers.

But overfunded plans aren't always terminated for the reversion. Last year Malone & Hyde Inc., a $2.6 billion in sales retail distributor, was taken private by a management group and outside investors. Despite financing the buy-out with nearly 100% debt, or about $560 million, the company didn't terminate its plan, overfunded by 77%, with excess assets of $10 million. Randell Reiners, its manager of corporate finance, said a termination was suggested, although not pursued.

Other companies recapture pension surpluses before selling off a unit.

American Express Co., New York, has announced plans to sell off to the public part of its wholly owned Fireman's Fund Insurance Co., Novato, Calif. Earlier this year, American Express terminated the Fireman's plan, recapturing $120 million. A month later, American Express terminated its own plan as well, recapturing $90 million.

Ogden Corp. plans to sell off its shipyard and industrial products business for $375 million to an employee stock ownership plan. Some $80 million of the financing will come from a termination reversion.

But terminations of the acquisition's pension plan in a takeover appear more common; and more such terminations are likely. Chesebrough-Pond's Inc., which acquired Stauffer Chemical Co. for $1.218 billion, is considering terminating the Stauffer fund to recapture an estimated $100 million (*P&I Age*, July 8).

The termination of Central Soya Inc.'s plan to recapture about $40 million also is being considered. It was acquired by Shamrock Holding Co. for $325 million (*P&I Age*, June 24).

Reversions are being put to other uses as well. Celanese Corp. terminated its plan, recapturing $370 million, one of the largest such reversions, to bolster its corporate coffers.

Firestone Tire & Rubber Co. terminated its plan, recapturing $267 million. It is conducting a large stock repurchase program; so far, it has bought back 30% of its shares outstanding, spending $270 million.

Among other terminations already filed, Wilson Foods Inc., a potential takeover target, recaptured $42 million to help finance a reorganization.

Amerace Inc., acquired for $121 million in a management buy-out, is terminating its plan to get a $16 million surplus.

Mobil Corp., which acquired Superior Oil Co. for $10.1 billion, terminated the target's pension plans for a $29 million reversion.

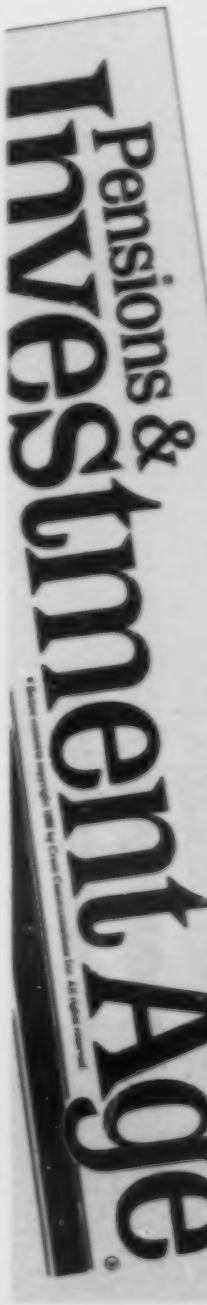
Jonathan Logan Inc. was acquired for $170 million by United Merchants & Manufacturers Inc. Its pension plan then was terminated for a $5 million reversion.

St. Regis Corp., acquired by Champion International Corp. for $1.8 billion, terminated its plan, with $88 million in surplus pension assets.

Sir James Goldsmith's company, Generale Occidental S.A. acquired Diamond International Inc. for $584.8 million; Diamond's terminated plan, generated a $12 million reversion.

Purex Industries Inc., taken private for $357 million, terminated its plan for a $12 million reversion. ■

26 important investment issues you should know about in the days and months ahead.



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Pensions & Investment Age

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Teachers target passive strategy

By Steve Hemmerick

SACRAMENTO, Calif. — The $14.5 billion California State Teachers' Retirement System will switch from mostly active to 50% to 67% passive management over the next three years, said Tom Flanigan, chief investment officer.

In addition, as part of the current preparation for long-term growth:

• A large, but yet-undetermined, amount will be brought in-house. All assets now are managed by external managers.

• About $2.6 billion will be moved to equities from fixed income to bring the equity allocation to about 40% from the current 22%.

While the changes involve a massive amount of money, they do not represent as big a philosophical change as it might first appear, said Mr. Flanigan. He was hired in May at $130,000 a year from his post as deputy chief investment officer for the New York State Common Fund.

Mr. Flanigan said the restructuring will be done for projected long-range growth to the year 2000.

With passive management, average risk-adjusted market performance is sought; with active management, better-than-average performance is sought, and performance usually is matched against a benchmark index.

He said the move to passive management isn't based so much on the usual interpretation of the efficient market theory, but rather because California and New York public funds will "be the market." The California Teachers could grow to

Continued on page 78

Claim United violated law

Pilots fight termination

By Chuck Paustian

CHICAGO — The Air Line Pilots Association and five of its members have filed suit to prevent the planned spinoff/termination of the United Air Lines Inc. Pilots Retirement Income Plan.

The suit, filed late last month in U.S. District Court in Chicago, named United Air Lines Inc., Chicago, three plan fiduciaries — John M. Batten, D.O. Danis and John L. Cowan — and the Pension Benefit Guaranty Corp., Washington, as defendants.

The retirement income plan is composed of the United Air Lines Inc. Pilot Fixed Benefit Retirement Income Plan ("A Plan") and the United Air Lines Inc. Pilots Directed Account Retirement Income Plan ("B Plan").

The petition was filed by the pilots' union and Roger Hall, James Engelman and Thomas Sashko, all pilots employed by United and who serve on the ALPA Master Executive Council for the United pilot group as chairman, vice chairman and secretary/treasurer, respectively. J.V. Healy and B.K. Watkins, both retired United pilots, also were named as plaintiffs.

Robert A. Doughty, a United spokesman, said the company does not want to make any statement at this time because of the lawsuit.

The suit alleged United officials violated provisions of the Railway Labor Act and the Employee Retirement Income Security Act in their efforts to carry out the spinoff/termination and recover an estimated $511 million in excess assets.

It also charged the PBGC improperly promulgated the guidelines under which the spinoff/termination had occurred.

On June 10, United Air Lines announced it intended to spin off and terminate six of its defined benefit plans and recapture about $962 million in surplus assets (*Pensions & Investment Age*, June 24).

Michael E. Abram, an attorney with the law firm of Cohen, Weiss and Simon, New York, one of the firms representing the plaintiffs, said the actions taken by United officials violated provisions of the Railway Labor Act governing the amendment of RLA agreements.

"The Railway Labor Act says you can't make any unilateral changes in rates of pay," which includes deferred compensation, Mr. Abram said.

The suit said the United Air Lines board of directors, without prior notice, adopted a resolution June 7, providing for the reversion of excess assets from six of its defined benefit plans, including the pilots' fixed, or A plan. The adoption was subject to approval of the executive committee of the board of directors of UAL Inc., United's parent company.

According to the petition, the pilots' group charged United "deliberately and knowingly misled ALPA and active and retired participants" by not mentioning during negotiations to end the pilots' strike earlier this summer its intention to recover the excess assets from the pilots' plan.

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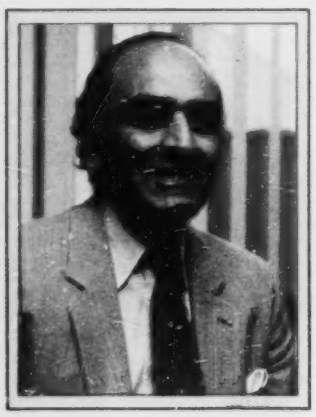
A mix of luck, wisdom

World Bank doubles profits

By Richard J. Gillespie

WASHINGTON — The treasury staff at the World Bank is acutely aware that any mistake could have an unconscionable impact on the lives of some of the world's poor, said Moeen Qureshi, senior vice president for finance.

Fortunately for these masses, the World Bank just reported a banner year, one in which the bank — mistakenly considered by some to be a charitable institution — turned in a profit of $1.14 billion for the fiscal year ended June 30, almost doubling the previous year's $600 million profit.



Moeen Qureshi

The investment management team, which produced a 12.63% realized return on the bank's now $17.4 billion portfolio, and realized and unrealized gains of 16.15%, contributed to the bank's stellar year.

These figures were achieved despite restrictions that the bank portfolio must be invested in 29 different currencies and is limited to fixed-income instruments with maturities of no more than five years and three months.

While the bank's investment allocations and restrictions make comparisons with standard benchmarks difficult, one measure of success is its realized liquidity spread — the difference between its cost of funds and its earnings on investments.

Eugene Rotberg, vice president and treasurer of the bank, said the 12.63% realized return contributed about one-third of the bank's profits, and helped boost the bank's realized liquidity spread — the difference between its cost of funds and its earnings on investments — to 3.96%.

As a direct result of its trading profits, the bank was able to reduce the interest rate it charged to less developed countries, Mr. Qureshi said.

A tea worker in Sri Lanka, which is a World Bank client.

"The way the bank is run as a financial institution is that short-term debt is passed through to the (less-developed countries), so if we make wise decisions, they get lower borrowing costs and if we borrow

Continued on page 79

Kaman reshuffles, selects 2, trustee

By Alan Krauss

BLOOMFIELD, Conn. — The $90 million Kaman Corp. pension fund has completed a restructuring, hiring its first master trustee and two new investment managers, reshuffling accounts with three other money managers and creating an in-house market index to assess manager performance.

The restructuring, which took effect April 1, resulted from a portfolio evaluation undertaken for Kaman's pension administrative committee by SEI-Funds Evaluation, said to Russell Jones, a Kaman assistant vice president.

Kaman is a diversified defense contractor and distributor of industrial supplies and musical merchandise, with sales of about $550 million last year.

Following the study, Kaman allocated about $5 million each in balanced accounts to Fred Alger Management Inc., New York, and Thompson, Siegel & Walmsley, Richmond, Va.

The new allocations were funded by reducing balanced accounts with Connecticut National Bank, Hartford, to $25 million from $27 million, and with NCNB National Bank, Charlotte, N.C., to $15 million from $16.5 million.

Further, the fund reduced its allocation to CIGNA Corp., Hartford, to $19 million from $24.7 million, leaving $14 million in annuities and establishing a new, $5 million balanced account. A $2 million account was left with Aetna Life & Casualty Co., Hartford.

The fund named as its master trustee The Connecticut Bank and Trust Co., Hartford, Mr. Jones said. The master trust covers the fund's investments with Fred Alger and Thompson, Siegel & Walmsley, as well as an $11 million position in Kaman Corp. equities (held since before the Employee Retirement Income Security Act mandated a 10% ceiling on company stock) and

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Late news

U S WEST appoints

ENGLEWOOD, Colo. — U S WEST Inc.'s $5 billion pension fund has allocated $100 million to Brignoli, Curley & Roberts Associates, New York, for a computer-driven, quantitative equity account, said James R. Belquist, U S WEST's manager-trust investment management.

"The firm uses a mathematical approach with a strategy that emphasizes capturing value from the natural price volatility of stocks," Mr. Belquist said.

He declined to specify the source of the funds allocated to Brignoli, Curley.

GNMA date changes

NEW YORK — The Public Se-

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Pensions & Investment Age is offering the PIPER monthly indexes. These track the changes in the Standard & Poor's 500 stock index, the OTC Industrial stock index, the Ryan Index of fixed-income securities and the Shearson Lehman Government/Corporate Bond Index.

PIPER July indexes

	Latest mo.	Year to-date	Trailing 12 mos.
S&P 500	–0.13	17.09	32.53
OTC Inds.	2.28	19.19	21.35
Ryan Index*	–0.58	11.24	24.89
SLAE Gov't./Corp.*	–0.32	10.20	23.11

Source: Rogers, Casey and Barksdale Inc.
*Fixed income.

Wheeling-Pittsburgh can't pay

Contribution waiver sought

By Trudy Ring

PITTSBURGH — Wheeling-Pittsburgh Steel Corp. has asked the Internal Revenue Service to waive a $5.7 million pension fund contribution that was due July 31, company and union officials said.

The contribution was required as a condition of a 1983 funding waiver the IRS granted Wheeling-Pittsburgh. The company was to begin making monthly payments in July of the amount paid to beneficiaries two months before, said Howard Kline, counsel for employee benefits for the United Steelworkers of America.

George Raynovich Jr., Wheeling-Pittsburgh's general counsel, confirmed the company requested the waiver. He said Wheeling-Pittsburgh made the request because of the company's general financial condition, including "the fact that we're on strike and our cash is draining away."

The Steelworkers went on strike against Wheeling-Pittsburgh July 21 after bargaining teams failed to agree on terms of a contract to replace one nullified by a federal bankruptcy court. The company has sought protection from creditors under Chapter 11 of the Bankruptcy Code.

Mr. Raynovich said he didn't know when the IRS might make a decision on the waiver. IRS officials could not be reached for comment by press time.

A Pension Benefit Guaranty Corp. spokesman said the waiver request is the sole province of the IRS, but the PBGC is monitoring the situation carefully.

There has been speculation that Wheeling-Pittsburgh might terminate its pension plans, with unfunded liabilities estimated between $200 million and $350 million. However, Mr. Kline said the Steelworkers union was assured early this month that Wheeling-Pittsburgh has no intention of terminating the plans and that the board of directors has not authorized the company to do so. ■

Hedging is great for Gates

By Barry B. Burr

DENVER — Using stock index futures as a hedge, Gates Corp. said its more than $110 million in equity portfolios will never lose money.

Clayton M. Hill, director-corporate insurance and employee benefits, describes the strategy as similar to buying insurance to avoid losses.

With the strategy, "the downside risk is truncated; at the same time, the ability to capture market gains remains," said Larry D. Edwards, president of Leland O'Brien Rubinstein Associates Inc., Los Angeles.

Leland O'Brien Rubinstein has been using the strategy for Gates since March 1984.

The hedging strategy doesn't interfere with the stock holding or trading of Gates' four equity managers — Bankers Trust Co., New York; Thorndike Doran Paine & Lewis, Boston; Warburg Pincus Counsellors Inc., New York; and Wentworth Hauser and Violich Inc., San Francisco. Together, they manage about $110 million for Gates.

Leland O'Brien Rubinstein itself doesn't run any equity. It manages only the hedging strategy, trading stock-index futures.

"As it has turned out, it's been an inexpensive insurance policy for Gates, because we haven't had to put much of a hedge on," said Mr. Edwards.

So far, it has put on the hedge only twice for Gates, from May to July 1984 and then briefly again in October.

Since then, because of the general upward move of Gates' equity portfolio, Leland O'Brien Rubinstein hasn't had to hedge, Mr. Edwards said.

Leland O'Brien Rubinstein, partly owned by First Interstate Investment Services Inc., a unit of First Interstate Bancorp., Los Angeles, employs the strategy for about $1 billion of portfolios belonging to tax-exempt clients.

One of its largest clients, Manville Corp., also based in Denver, hedges its entire $560 million pension fund, fixed income as well as equities, with stock-index futures and fixed-income futures (*Pensions & Investment Age*, Aug. 6, 1984).

Gates has a hedging program for its fixed-income assets under way

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CIBA getting aggressive

By Alan Krauss

ARDSLEY, N.Y. — Investments by the $400 million CIBA-Geigy Corp. pension fund may become "slightly more aggressive," with possible moves into international bonds and equities, real estate equities, venture capital and leveraged buy-outs, company officials said.

Money for the new investments would come from about $68 million in maturing guaranteed investment contracts.

Pension fund executives are considering the changes as a result of a recently completed, wide-ranging asset allocation study, conducted by company officials and their actuarial consultant, Towers, Perrin, Forster & Crosby. The study was undertaken to determine options for reinvestment of funds in two maturing GICs containing a total of 17% of plan assets, said Bill McHugh, CIBA-Geigy manager, trust investments.

A decision whether fund executives will adopt all or part of the strategies outlined in the study is expected in September, Mr. McHugh said.

A $40 million GIC held with Metropolitan Life Insurance Co., New York, matured earlier this month, while a $28 million contract with Prudential Asset Management Co. Inc., Newark, N.J., will terminate early in 1986, Mr. McHugh said.

The study showed the plan to be in good shape. Mr. McHugh said the study found the plan's demographics closely in line with national averages in terms of employee age and length of service. The rate of growth of fund assets — 16.5% annually over the past 10 years including both return on investment and company contributions — is adequate, according to the study.

The plan is well funded both on a termination basis and on an ongoing basis, he said.

"We found that the status of the fund would permit adoption of a

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Late news

Continued from page 1

curities Association has announced a change in the September "48-hour rule" notification date for GNMA securities.

The notification date for submission of pool information on delayed-delivery transactions on GNMA securities has been moved to Sept. 13 from Sept. 16.

For Sept. 13 only, the Public Securities Association will extend the notification time from 3 p.m. EST to 4 p.m. EST.

The information is critical to investors having any GNMA mortgage security transactions settling in September, whether outright buys or sells, or financing transactions such as repurchase agreements or reverse repurchase agreements.

Divestiture finished

The United Nations Joint Staff Pension Fund, New York, and the University of Massachusetts endowment fund, Amherst, have completed divestiture of South Africa-related securities, officials said.

The $4 billion U.N. fund initiated a policy against South Africa-related investments more than 10 years ago and had been gradually selling off stocks since then. The amount divested by the fund was not available.

The university, with $4 million in assets, sold $370,000 worth of stocks in four companies. The fund had been following the state's policy of not investing in any companies doing business in South Africa, but recently refined its definition of "doing business," leading to the sales, a spokesman said.

Subsidiary formed

HARTFORD, Conn. — Connecticut Mutual Life Insurance Co. is creating CM Capital Advisors, a subsidiary of the firm's pension division, to advise pension funds in the $1 million to $10 million range on asset mix and allocation, said Gary Lineberry, second vice president pension division.

The insurer manages about $7 billion in commingled equity, fixed-income and real estate accounts for pension funds, he said.

Late money movers

• HARRISBURG, Pa. — The $8.1 billion Pennsylvania Public School Employees' Retirement System has committed $20 million to a new venture capital partnership with Century IV, Philadelphia.

• WHITE PLAINS, N.Y. — The $800 million Financial Institutions Retirement Fund has switched from using two custodial banks — Brown Brothers Harriman & Co. and Boston Safe Deposit & Trust Co. — to one, Bank of New York.

• NEW BRUNSWICK, N.J. — The $535 million Johnson & Johnson pension fund hired four equity managers, according to H. Scott Snead, manager-pension investments.

They are: Trinity Investment Management Corp., Boston, and First Manhattan Capital Management, Brignoli, Curley & Roberts Associates, and Dillon, Read Capital, all of New York. Mr. Snead declined to specify the allocated amounts.

The newly allocated funds came from excess assets previously carried in annuity contracts and new contributions, he said.

• TOPEKA, Kan. — The $130 million Kansas Power & Light Co. pension fund hired Renaissance Investment Management, Cincinnati, to run $23 million in equities, and New South Capital Management, Memphis, Tenn., to run $20 million in equities.

Renaissance replaces IDS Advisory Group, Minneapolis, and New South replaces Southeast Management Associates, the firm it split off from, a Kansas Power spokesman said. E.F. Hutton Consulting Services, Wilmington, Del., was consultant in the hirings.

• DETROIT — The $60 million Hudson-Webber Foundation, which makes charitable grants to Detroit-area civic and urban revitalization programs, has hired The Boston Co., Boston, to manage a $5 million aggressive asset-allocation account.

Funds will be invested in index funds mirroring the Standard & Poor's 500 stock index and the Shearson Lehman Government/Corporate bond index, as well as a money-market fund, according to Gilbert Hudson, president of the foundation.

• BALTIMORE, Md. — Crown Central Petroleum Corp. has completed a restructuring of its $39 million pension plan with the appointment of NCNB North Carolina to run a $500,000 real-estate equity account.

Earlier this year, the fund dropped the Travelers Investment Management Co. of Hartford, Conn., from a $2 million equity account and removed $18 million from its account with Union Trust Co. of Maryland.

The plan used the proceeds to fund two new equity managers to produce a more aggressive investment stance, according to P.J. Del Bene, corporate manager-administration.

After consultations with Hewitt Associates, the trustees awarded Northern Capital Management Inc., Madison, Wis., an $18 million account for a value-management approach in January, he said.

Lieber & Co., Harrison, N.Y., received a $6 million account at that time for small-cap value investing.

• WATERBURY, Conn. — Timex Inc. has chosen IDS Trust Co., Minneapolis, as record keeper for its pension plan and 401(k) plan, a Timex spokesman said.

Report footnotes give boot to FASB's rules

By Barry B. Burr
and Rick Rosenfeld

Companies with overfunded pension plans are becoming openly more critical about the Financial Accounting Standards Board's reporting procedure, complaining it exaggerates the amount of surplus assets.

An increasing number of the companies are criticizing the FASB in the pension footnotes of their 1984 annual reports, saying the required accounting procedure gives a misleading picture.

Though they don't say so in the reports, they privately expressed concern the reported overfunding might appear to be a wasted use of corporate money by overcautious pension officials or a temptation for corporate raiders looking for surplus cash to help finance a takeover. The companies contend, however, overfunding is a prudent way to finance projected benefit accruals.

Disagreeing with the FASB on pension (or any other) accounting isn't new. In the past, though, pension-related dissension has focused on reporting unfunded liabilities, rather than overfunding.

(The FASB has proposed companies place unfunded liabilities on their corporate balance sheets.)

Now, the FASB is encountering criticism from companies with overfunded plans. Most companies still report the footnote only as required by FASB. But an increasing minority complain the procedure shows a pension plan's status on a termination basis, rather than an ongoing basis, projecting work service and salary increases.

"Nothing FASB is currently looking at would change a thing," said Bruce Langton, assistant treasurer, International Business Machines Corp., Stamford, Conn.

While some companies complain the FASB procedure is misleading, others find the accounting board's numbers are very real; they increasingly are terminating the plans to recapture the excess assets.

Surplus pension assets among the 100 largest industrial and manufacturing companies as ranked by sales grew more than 210% in 1984 from 1983.

According to data on the Fortune 100 companies compiled by Wright Investors Service, Bridgeport, Conn.:

• Eighty-eight plans reported overfunding, or assets exceeding vested liabilities, in 1984, up from 85 plans the previous year.

• The 88 plans reported surplus assets of $39.2 billion in 1984, more than triple the $12.6 billion surplus reported by the 85 plans in 1983.

(The totals exclude American Telephone & Telegraph Co., which also had a surplus of $7.5 billion in 1984 and $22.4 billion in 1983; its figures skew the aggregate data due to the divestiture.)

Pension fund asset and liability data is on pages 44 and 45.

In accordance with FASB Statement 36, companies are required to report in a footnote in their annual report the present value of accrued benefits.

Because the figures are recorded next to the assets available for benefits, many company executives believe the plan's actual funding status may be misinterpreted as grossly overfunded on a termination basis, though the plan is on an ongoing basis.

As a result, many companies issued qualifying statements or a second set of funding figures to contrast the FASB data in their 1984 annual reports.

• General Electric Co.'s report stated its calculations "are more realistic (than the FASB calculations) because the benefit amounts include the expected future compensation and service."

Using the FASB methods, General Electric, Stamford, Conn., showed an overfunding of almost $3 billion with accrued vested and nonvested benefits of $9 billion and assets of $11.7 billion in 1984. By recognizing projected future salaries in its calculations, GE's overfunding turned into a $1.4 billion underfunding, with accumulated benefits of $11.1 billion.

For a number of years, the GE annual report has pointed out the discrepency between its own caluculations, taking into account future salary increases, and the FASB calculations.

Bernard R. Doyle, GE's manager of corporate accounting services, said his company publishes the second set of numbers to contrast the FASB data because of a philosophy that the annual report should be "as forthright and clear as possible."

"We are not particularly enamored of FASB 36," he said. "It's kind of off-point. They're saying compare pension obligation numbers and asset numbers that don't relate to each other."

• R.J. Reynolds Industries Inc., Winston-Salem, N.C., report's projection of future salary increases turned what was an overfunded plan using the FASB formula into a slightly underfunded one.

Using the FASB calculations, the company reported vested and nonvested liabilities of $914 million and assets of $1.18 billion last year. With allowances for salary increases, the level of liabilities reached $1.24 billion.

Continued on page 74

Termination not part of restructuring

Manville pension plan untouched

By Fred Williams

Manville Corp.'s $600 million in pension assets apparently escaped unscathed from the company's proposed restructuring to allow it to emerge from bankruptcy.

But institutional shareholders of Manville stock, which likely would be severely diluted, aren't sure how they will fare.

The restructuring proposal involves the establishment of a $2.5 billion trust fund to fund claims arising from asbestos-related lawsuits against the company, a major producer of asbestos.

Speculation at one time focused on the Manville pension funds as a potential source of cash for the claim fund (*Pensions & Investment Age*, May 30, 1983) and more recently for the trust fund as the agreement was being developed.

J.L. Neill, director of trusteed benefit plans at Manville, said there are no plans to terminate the pension funds and use the surplus assets for that purpose.

"To the best of my knowledge, (the reorganization) should have no impact on the pension plans," he said.

"I haven't been asked to look into it (termination of the company's pension plans)," Mr. Neill said. "Termination was discussed in 1983 when the creditors committee had become aware of the fact the plans were well funded.

"We looked at it very carefully and we concluded it was not in the best interests of our employees. We told them (creditors) that we would revise our actuarial interest rate assumptions and funding methods and would look at a hedging program," he said.

Manville has two salaried pension plans and four hourly plans. The interest rate assumptions were adjusted from 6.5% on all plans to 8% for the hourly and 9% for the salaried plans, he said, effectively reducing the company's annual pension contributions. A hedging program was implemented in 1984 (*P&I Age*, Aug. 6, 1984).

"The overfunding will disappear over time since the company has reduced its annual contributions. The pension fund is not a vehicle for the reorganization effort," another Manville spokesman said.

The proposal to bring Manville out of bankruptcy would cut up to 80% from the value of Manville common stock, and financial analysts claim the plan faces a long and bumpy approval process.

Under terms of the proposal, which has been approved by the Manville board and attorneys representing future asbestos claimants, the trust would be funded by $815 million in cash and receivables and 50% of Manville's outstanding common stock, with the potential for an 80% dilution if necessary.

The $815 million will come from $315 million in insurance claims already settled, $300 million in cash from yet to be completed insurance

Continued on page 79

Euroyen attraction returns

By Marci Baker

High-quality U.S. issuers have returned to the Euroyen marketplace after a six-month hiatus, this time in dual-currency transactions that are providing a savings of as much as 45 basis points below comparable domestic debt securities.

So far, six domestic issuers — the Federal National Mortgage Association, Honeywell Inc., Phibro-Salomon Inc. and the credit subsidiaries of American Express Co., IBM Corp. and Ford Motor Co. — have announced yen-based dual currency deals.

Together they will raise more than $700 million in the Euroyen arena. Another $500 million in dual-currency transactions is being raised by a number of foreign issuers.

"The deals are offering very cheap financing," noted one investment banker. "For the issuer, they are clearly superior deals." For that reason, investment bankers expect other deals before the market becomes fully saturated.

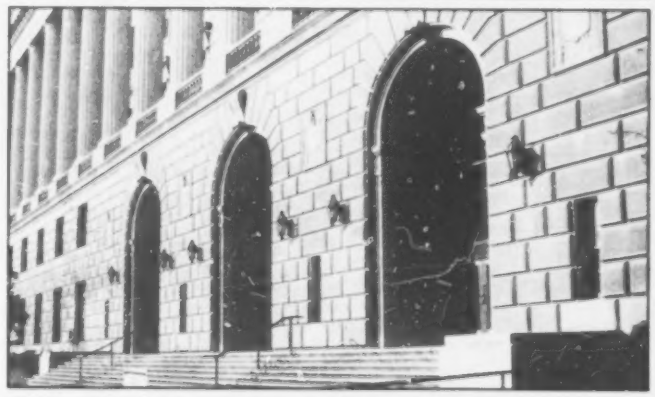
Corporate finance

"Dual currency" refers to foreign-denominated securities whose interest is payable in the issuing currency and principal is payable in dollars. The bulk of the Euroyen transactions have been 10-year, 25 billion yen offerings carrying 8% coupons. Euroyen deals involve yen-denominated bonds issued in Europe.

The deals include "a built-in cushion" for investors against depreciation of the dollar, said David Boyle, assistant vice president at Nomura Securities International, New York. The dollar-based principal on the issues will be redeemed at a fixed exchanged rate of 208 yen to the dollar, or just more than $120 million for a 25 billion yen issue. The actual exchange rate now is about 238 to 240 yen to the dollar.

Issuers are saving on financing costs largely through changing their yen-based obligations into fixed-dollar ones. Yen-denominated proceeds are converted to dollars, based on a preset exchange rate, when the deal closes. The cur-

Continued on page 73



New annuity draws inspection by IRS

By Barry B. Burr

The Internal Revenue Service is holding up approval of pension plan terminations using so-called participating annuities, even though the Pension Benefit Guaranty Corp. has consented to the use of the new contracts.

Participating annuities differ radically from conventional annuity contracts sold by insurance companies to terminating pension plans.

In a participating contract, the company terminating its plan pays more initially to buy pension guarantees for beneficiaries than it would for conventional annuities. In turn, the company shares, or participates, in profits from favorable actuarial experience and investment performance in connection with annuities.

The new type of contract makes offering annuities appealing to more insurance companies, inducing bidding competition. The contracts, depending on how they are written, allow for banks and independent investment counselors to continue managing money after a termination. With conventional annuities, insurance companies automatically take over the money management.

So far, Firestone Tire & Rubber Co., Akron, Ohio, is the only known company to buy participating annuities, although an unidentified company also bought such contracts and Inco United States Inc., New York, among others, has been considering them for its terminated pension plan (*Pensions & Investment Age*, May 13).

Firestone and the unidentified company received PBGC approval to use participating annuities in their terminations.

Firestone bought a $397 million participating annuity contract from CIGNA Corp., Hartford, Conn., before the IRS issued its directive May 31.

The one-page IRS memorandum, which was sent to assistant regional commissioners, said, in part, "We are considering the effect upon plan qualification, if any, of using participating annuity contracts to provide benefits upon termination of an employee plan.

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Cash Management

Wachovia, Citibank, Chemical top cash survey

By Richard J. Gillespie

Wachovia Bank & Trust Co., Citibank and Chemical Bank were rated highest among 18 banks ranked by cash managers in the 1985 corporate banking survey.

The survey, *Pensions & Investment Age*'s fifth, attempts to identify those banks that provide the highest quality cash management services to corporate clients.

Cash managers who are members of 34 regional cash management associations nationwide were asked to identify those banks they use for cash management services, and then to rate them on a seven-point scale on each of 28 aspects subdivided into three service categories: lockboxing, disbursement and concentration.

Only those banks that received ratings from at least seven cash managers in each of the three service categories were included in the final analysis.

As a result, only 17 of the original 35 banks listed on the questionnaires were rated on any of the three services. All the banks that were rated must be considered leading service providers, and all were found to offer an above-average standard of service.

On the seven-point scale, one is "excellent" and seven is "poor."

Lockboxing

Wachovia Bank & Trust, Winston-Salem N.C., was awarded the highest average ratings on the 10 lockbox bank factors, receiving an average score of 2.15, while the runner-up, Continental Illinois National Bank & Trust Co. of Chicago was scored 2.58 and third-rated The Northern Trust Bank, Chicago, came in with 2.74.

• The 10 respondents who evaluated Wachovia's lockbox services rated it among the top three institutions on every one of the 10 factors.

Wachovia was rated first for the timeliness of its balance reports, the accuracy and timeliness of its check processing operations, its pricing, the speed of its error correction and the courtesy of its staff, and for its lockbox operations overall.

The bank was rated runner-up for the accuracy of its balance reports (to Continental Illinois) and for the compatibility of its electronic data processing systems, although it was rated third for its data processing technology.

Also among the lockbox bank scores, Security Pacific National Bank, Los Angeles, was rated highest on data processing technology, and also was runner-up to Continental Illinois on the compatibility of its electronic systems.

• Continental Illinois was rated highly on lockbox services, although it received an insufficient response to be evaluated as either a disbursement or concentration bank.

Cash managers, who had evidently remained loyal to Continental throughout a troubled 1984, rated it highly for both the accuracy and timeliness of its balance reports and their compatibility with its electronic data processing systems.

To a lesser extent, cash managers admired the accuracy of its check processing operations, its pricing structure and data processing technology.

• Northern Trust was voted among the top-rated lockbox banks for the timeliness of its balance reporting, and also was cited among the top three banks for its accuracy in balance reporting, its data processing technology (although not on compatibility) and the courtesy of its staff.

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Payden & Rygel index of short maturities assets*
(for month ending July 31, 1985)

	July 1985	Quarter ending 6/30/85	Year to date	12 months ending 7/31/85	Yield level monthly change*
	Unannualized total returns				
90 Day					
U.S. Treasury Bill	0.5306	2.2663	4.9260	9.9648	+45
Domestic C.D.	0.5983	2.3003	5.0377	10.3252	+32
Euro $ C.D.	0.6186	2.3448	5.1373	10.5669	+30
180 Day					
U.S. Treasury Bill	0.4348	2.8466	5.4328	11.4564	+45
Domestic C.D.	0.4840	2.7266	5.2429	11.4285	+41
Euro $ C.D.	0.4597	2.7915	5.3860	11.6443	+50
1 Year					
U.S. Treasury Note	0.2996	3.7860	6.2699	13.7885	+41
2 Year					
U.S. Treasury Note	0.1499	5.5572	7.6455	17.9481	+34

*Figures are unannualized total returns. Year-to-date and 12 month figures linked monthly. 90 and 180 Day Treasury Bill yield level changes on discount basis.

*Basis points.

Source: Payden & Rygel, Los Angeles, California 90017

In the future, the Payden & Rygel index of short maturity assets will be published in unannualized figures to reflect industry practice. The indexes chart total returns on cash investments and illustrate the difference between these and simple yields. For July, yields on 90-day U.S. Treasury bills rose 45 basis points. A 90-day bill purchased July 1, therefore, would have returned 0.531% if sold at month-end.

Peso payments risky

By Fred Williams

EL PASO, Texas — Despite efforts by the Mexican government to shore up the ailing peso, the currency has weakened and created considerable uncertainty on the foreign exchange market, making payments and collections in Mexico more risky for U.S. companies.

The Mexican government cut the peso free from its fixed exchange rate in July, allowing the once stable currency to seek its own level against the dollar. The peso began its decline in mid-May when it stood at 250 to the dollar, dropped to more than 300 in June and stand at almost 350 now.

Cash managers and businessmen who do business in Mexico are watching the peso closely and might find themselves facing several additional weeks tacked on to their receivables because of the devaluation's side effects, including a shortage of dollars.

The July devaluation was the third since 1982 and is one part of a reform package intended to stabilize the peso, cut spending and stem the flow of money out of the country.

"If you do business in Mexico and stipulate that you want your money in dollars, be prepared for a wait," warned Henry King, coordinator of the Small Business Institute and assistant director of the Bureau of Business and Economic Research at the University of Texas at El Paso.

He said the wait can be as long as "three to four weeks," but U.S. companies "can get paid almost immediately in pesos."

One of the keys to doing business in Mexico is to concentrate cash as quickly as possible said Mr. King, a sentiment echoed by other foreign exchange experts.

"The risk you take is, if you get paid in pesos you have got to get to the bank and exchange them for dollars. If you hold pesos and the value drops another 10%, then you are just out of luck. People who do

Continued on page 18

Pensions & Investment Age's

Outstanding Cash Management Banks

Lockbox banks:
Composite lockbox score*

	Mean	N
For entire sample	2.8749	
Wachovia	2.1500	–10
Continental	2.5857	–14
Northern Trust	2.7400	–15
1st Interstate Calif.	2.8333	– 9
Bank of America	3.0000	–16
Security Pacific	3.0429	– 7
Mellon	3.0529	–17
InterFirst-Dallas	3.1429	– 7
C&S Atlanta	3.2000	–11
Republic Dallas	3.2214	–14
FNB Chicago	3.2824	–17
FNB Atlanta	3.4571	– 7

Total number of cases for computing sample statistics = 179

Disbursement banks:
Composite disbursement score*

	Mean	N
For entire sample	2.8644	
Citibank	2.2118	–17
Wachovia	2.3267	–15
NCB Cleveland	2.6111	– 9
Norwest	2.8286	– 7
Bank of America	2.9250	– 8
Chemical	2.9571	– 7
Chase	3.0900	–10
Mellon	3.5909	–11

Total number of cases for computing sample statistics = 118

Concentration banks:
Composite concentration score*

	Mean	N
For entire sample	2.8021	
Chemical	2.5278	– 9
Citibank	2.6354	–12
Chase	2.7083	–15
Mellon	2.9559	–17
Bank of America	3.1705	–11
1st Bank of Minneapolis	3.6786	– 7

Total number of cases for computing sample statistics = 108

* Average of 10 items.

Statistics for the entire sample are based on responses for all 21 banks eligible for further analysis. Responses are reported only for banks rated on concentration by seven or more respondents.

Cash survey . . .

Continued from page 13

Out West, the most highly rated bank on the lockbox composite was First Interstate Bank, Los Angeles, which ranked fourth, and was followed up by Bank of America, San Francisco, and Security Pacific.

For lockboxing, InterFirst Bank Dallas was runner-up for timeliness of balance reports and check processing operations, in pricing and in staff courtesy.

But InterFirst Dallas was found to be only "good" on the accuracy of balance reports and on compatibility of electronic data processing systems, and was only rated "above average" on accuracy of processing, speed of error correction and overall lockbox evaluation.

It was rated slightly better than "above average" for the excellence of its data processing technology.

The entire lockbox bank sample returned a mean score of 2.87, which indicates cash managers rated their lockbox services in general as better than "good," but not "very good."

The survey, therefore, revealed a very high degree of satisfaction among cash managers with the operations of their lockbox banks. Even the lowest-rated bank in the group, First National Bank of Atlanta, received 3.46, where four is "above average" and three is "good."

Disbursement

Among the eight disbursement banks, Citibank, New York, received the highest ratings from seven respondents, who scored it an average of 2.21 on 10 factors. Wachovia was runner-up with 2.33 and National City Bank of Cleveland rated third with 2.61. The mean score for the entire sample being 2.87.

• Seventeen respondents awarded Citibank the highest disbursement ratings overall for the accuracy and timeliness of balance reports and for the excellence as well as compatibility of its data processing technology.

In the disbursement service category, Citibank placed second to Wachovia for accuracy in check processing, speed of error correction, and also placed second to Norwest Banks, Minneapolis, on its "actual vs. promised ability to generate float."

However, Citibank's disbursement staff was rated third (with National City Bank of Cleveland) for courtesy with 2.12, behind Wachovia at 1.6 and Norwest at 1.86.

Citibank was not rated on its lockbox services. This was the first year in which Citibank was named among the top-rated banks, and it also was the first year in which the survey was broken out into the three service categories.

• Wachovia, which was runner-up for disbursement services, was admired for the same services for which it picked up high scores in its lockboxing activities. It was rated highest for disbursement services in an overall evaluation question, but the question was discounted by the better statistical accuracy of the composite scores.

• The third-rated disbursement bank, National City Bank in Cleveland, was scored highest for its pricing and was runner-up on the timeliness of its balance reports and speed of error correction.

Concentration

Chemical Bank was rated highest among six concentration banks with an average score of 2.53 for the eight factors. The runner-up for concentration services, Citibank, received 2.64, Chase Manhattan Bank, New York, was third-rated with 2.71, and the mean score was 2.8.

• Nine respondents rated Chemical highest on both the accuracy and timeliness of its balance reports, the accuracy of its check processing and the speed of its error correction. Cash managers also rated Chemical runner-up to Citibank for its pricing structure.

Interestingly, when asked what overall score they would award Chemical for its concentration services, the managers gave it a 2.78, placing it fourth behind Mellon Bank and Chase, both with 2.53, and Citibank, with 2.58.

But according to Gregory M. Herek, a statistical consultant who collated the results, Chemical won out because the composite scores had higher statistical credibility than the overall service category scores.

In general, the survey response was poor with only about 12% of cash managers returning questionnaires. As a result, there were insufficient returns to rate more banks on each of the categories (*see story on page 16*).

Statistically, the composite scores on each of the three services hold more validity than the overall scores awarded each bank on the 28 service factors. A measure used to check the internal consistency of the composite scores, coefficient *alpha*, indicated a high degree intercorrelation among the scores.

While a sufficient number of scores were only received for 18 banks to facilitate rating on each of the three service categories; a final overall rating was required of cash managers to cover all the bank's cash management services.

With this final rating, a total of 21 banks were rated by at least seven respondents.

The three added banks, NCNB National Bank of North Carolina, Charlotte; Harris Bank, Chicago; and Pittsburgh National Bank, were rated only on their overall cash management services, but the response indicated cash managers give them high ratings for cash management services at 2.14, 2.71 and 2.71 respectively.

For cash management services overall, NCNB North Carolina placed second behind Wachovia, and Harris Trust and Pittsburgh National tied for fifth position behind Chase and Citibank, respectively.

All 21 banks were found to offer above-average services.

Another notable feature of the 1985 survey was the absence of Mellon Bank, Pittsburgh, from the honor roll. Mellon has rated highly in previous surveys, and was among the top four in last year's survey, along with Wachovia, NCNB North Carolina and Pittsburgh National.

While Mellon generally was scored "average" and "above average," it received a wider variation of scores than other banks, where a top-rated bank must consistently rate above average to excellent.

When asked to rate banks on overall concentration services, the cash managers rated Mellon Bank the foremost concentration bank.

But when asked to rate Mellon on each of the 10 concentration categories, it consistently received mediocre ratings except on speed of error correction (where it rated runner-up with 3.24), and for compatibility of electronic data processing systems, where it rated runner-up behind Citibank.

"With Mellon, there were people who were satisfied with it, as with other banks, but there were more people who were dissatisfied, and they pulled down its average scores," said Mr. Herek.

The discrepancy between Mellon's composite scores and its overall ratings might have been based on Mellon's reputation for excellence, rather than their actual experience, he said.

"They may have been revealing their perceptions of Mellon based largely on its reputation," Mr. Herek said. "However, when they rated Mellon for the services they actually received, they were less favorable," he said. ■

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Cash managers' survey changed

NEW YORK — The 1985 survey of corporate cash managers' attitudes toward cash management banks was unlike the previous four surveys in several respects.

• The survey questionnaires were distributed by the heads of 34 regional cash management associations.

In previous surveys, questionnaires had been sent directly to cash managers with the largest 2,000 industrial corporations.

The new technique enabled the survey questionnaires to reach what is believed to be a more informed group of industry members that includes cash managers with financial services companies as well as cash managers from industrial concerns.

Also, cash managers who are members of regional associations and therefore more active within the industry might be expected to be more committed and to the field and also more knowledgeable about it.

• The banks were rated for their lockboxing, disbursement and concentration services, not just on their cash management services overall.

It is estimated that only 12% of the 1,300 questionnaires sent out were returned. As a result, the survey findings can be applied only to the members who took part, and cannot be generalized to the industry as a whole.

Also, while 35 banks were listed on questionnaires for rating, the response for 17 of the banks was not sufficient for any kind of reliable statistical analysis. Three of the 17 delisted banks did receive the minimum number of seven responses necessary to be rated for cash management services on an overall basis (*see accompanying article*).

The distribution of the respondents was analyzed on four variables by a statistical consultant, Gregory M. Herek.

The distribution of sales sizes of the companies in the sample differed from the distribution of the sales sizes of the Fortune 2,000 corporations. Small companies (less than $250 million in sales) were found to be underrepresented, and sales size catogories more than $500 million were overrepresented.

However, sales size in itself was found to have no influence on the cash managers' ratings of banks.

• The geographic distribution of the sample differed from that of the Fortune 2,000 corporations. There was an underrepresentation of corporations in the South, Southeast and West, and an overrepresentation in the Northeast.

While this bias in geographic distribution was not found to affect the ratings for lockbox services, cash managers from the West tended to rate their disbursement and concentration banks more harshly.

• There was a relationship between the ratings a bank received and the percentage of services that a cash manager routed through it.

"This can be interpreted to mean that cash managers like a bank the more they use it," Mr. Herek said. "Aiternatively, it may be that cash managers route less of their business through banks that they perceive as providing inadequate services."

• The total number of banks used for a service was found to influence the results, with cash managers using greater numbers of banks being more likely to rate their banks more harshly.

Again, scores for lockboxing were not affected. Disbursement and concentration banks were scored less favorably by cash managers with corporations that used more banks.

"This may be because banks are better able to meet the needs of small companies, or because cash managers at large companies are harder to please, perhaps because they deal with more banks and have a broader base for comparison," said Mr. Herek.

In summary, lockbox ratings were not affected by any of the four variables. Ratings for concentration and disbursement services tended to be less positive from companies using a large number of banks and from companies in the West.

"This does not invalidate the survey, but it means more care must be exercised in generalizing the results," Mr. Herek said.

"If more corporations had responded, especially those in the South and West, the evaluations might have differed from those reported here." He added more banks also probably would have been included in the analysis.

"Rather than reflecting the sentiments of U.S. cash managers, therefore, the results can best be understood as answering the question: What do these 154 respondents think about the banks they currently use for cash management services," he concluded. ■

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ASB Capital president leaves firm

WASHINGTON — Michael B. Miller, president and chief investment officer of ASB Capital Management Inc., Washington, a unit of American Security Bank, has resigned.

ASB has $3 billion in tax-exempt assets under management, according to a recent survey by *Pensions & Investment Age*.

Mr. Miller said he left because of "substantial differences of opinion" on ASB's direction.

His plans are undecided.

The bank has decided to split Mr. Miller's position into two jobs, and is now seeking to hire a chief administrative officer to manage the unit, as well as a new chief investment officer to oversee equity strategies, according to Howard E.N. Wilson, vice president.

Eugene Mulligan remains in charge of the unit's fixed-income department.

The bank unit's equity performance has lagged in recent periods.

Its equity fund — a growth stock fund — had a -2.3% rate of return in 1984, placing it in the ninth decile in Pensions & Investments' Performance Evaluation Report.

In the first quarter of 1985, the equity fund had an 8.1% return, placing it in the seventh decile of PIPER.

However, growth funds have lagged of late.

Mr. Miller observed the equity fund still performed in the top third of all growth funds.

In addition, the fixed-income, international and special equity funds have performed strongly, he noted.

Of those, the fixed income funds have by the far the strongest performance, according to PIPER, ranking in the first decile in most periods dating back to January 1976. ■

Cash management addendum

The following listing is an addendum to the July 22 directory of cash management services. These U.S. cash management banks were omitted inadvertently.

Atlantic National Bank of Florida

200 W. Forsyth St., Jacksonville, Fla. 32202; (904) 632-6695

C.M. professionals: 10

Product line: Lockboxing, wholesale and automated retail with alternative sites in Florida; controlled disbursement with two different Florida locations; terminal-based communications services include terminal-initiated ACH payments; ACH services include DTCs, direct deposit and corporate trade payments; international services include letters of credit, documentary collections and foreign exchange trades; consulting services include manual lockbox and disbursement studies; investment services include sweep accounts.

Other services include zero balance accounts, payable thru drafts, account reconciliation, pre-authorized ACH debits and freight payments.

Contact: Mary Robbins.

Bankers Trust Co. Global Operations & Information Services Department

Bankers Trust Plaza, 130 Liberty St., New York, N.Y. 10005; (212) 618-2046

Product line: Lockbox, automated retail and automated wholesale, alternative site in Newark; controlled disbursement with alternative site in Delaware; terminal-based communications include terminal-initiated wire transfers, commercial paper, stop payments and ACH transactions; ACH services include DTCs, direct deposit and corporate trade payments; international services include letters of credit, documentary collections, foreign exchange trades; consulting services include lockbox and disbursement studies and other consulting; investment services include sweeps; other services include zero-balance accounts, payable through drafts, account reconciliation and treasury workstation. The bank provides pre-authorized debits and weekend ACH concentration.

Contact: A.T. Bellino, senior v.p., domestic sales.

Bank of Oklahoma

P.O. Box 2300, Tulsa, Okla. 74192; (918) 588-6548

Fortune 1000 clients: 150

Product line: Lockbox, manual wholesale; controlled disbursement with some delayed funding and two points; terminal-based balance reporting, terminal-based wire transfers and ACH; ACH direct deposit and corporate trade payments; international with letters of credit; documentary collections; foreign trading and advice; sweeps and separate cash portfolio management.

Other services are zero balance accounts; payable thru drafts; account reconciliation; pre-authorized debits; weekend ACH; treasury workstation; sweeps to loan account; share drafts.

Contact: Frank J. Kobes, v.p.

Barnett Banks of Florida

100 Laura St., Jacksonville, Fla. 32231; (904) 791-7500

C.M. professionals: 25
Fortune 1000 clients: 63

Product line: Lockboxing includes retail and automated wholesale, with alternative stand-alone sites in Florida; controlled disbursement, with three alternative presentment points; terminal-based communications services include terminal-initiated wire transfers, stop payments and ACH transactions; international services include letters of credit, documentary collections and foreign exchange trades; consulting services include lockbox and disbursement studies and stand-alone consulting group; investment management services include sweep accounts.

Other services include zero balance accounts, payable thru drafts, account reconciliation and treasury workstation.

Contact: Janene Silver, v.p.

Citizens and Southern National Bank of South Carolina

P.O. Box 22000, Columbia, S.C. 29222; (803) 765-8588

Product line: Lockboxing, retail and wholesale (both manual and automated); controlled disbursement with five presentment points; terminal-based balance reporting (now being installed); ACH services include electronic DTCs, direct deposit; international services include letters of credit, documentary collections, foreign exchange trading and advisory; consulting services include lockbox and disbursement studies and cash flow studies.

Other services include zero balance accounts, payable thru drafts, account reconciliation and pre-authorized ACH debits.

Contact: Kenneth L. Richey, v.p.

City National Bank of Baton Rouge

P.O. Drawer 1231, Baton Rouge, La. 70821; (504) 377-8406

Product line: Lockboxing, automated retail and manual wholesale; controlled disbursement with delayed funding; terminal-based balance reporting (1Q '86) with terminal-initiated wire transfers and ACH; direct deposit and corporate trade payments; letters of credit, documentary collections, foreign exchange trading and advice. Other services include zero balance accounts, payable thru drafts, account reconciliation, pre-authorized debits and treasury workstation (1Q '86).

Contact: Jean Lastrapes, v.p.

Commerce Union Bank

One Commerce Place, Nashville, Tenn. 37219; (615) 749-3467

Fortune 1000 clients: 15

Product line: Lockboxing, manual wholesale; controlled disbursement with delayed funding and six presentment points; terminal-based balance reporting with [illegible] wire transfers, letters [illegible] ments and ACH transa[illegible]es include electronic [illegible] and corporate trade [illegible] national services inclu[illegible] of credit, documentary collections, foreign exchange trading and advisory; consulting services include lockbox and disbursement studies and cash forecasting; investment management services include automated sweeps.

Other services include zero balance accounts, payable thru drafts, account reconciliation, pre-authorized debits and treasury workstation.

Contact: Larry Cohan, v.p.

Crocker Bank

1 Montgomery, West Tower, San Francisco, Calif. 94104; (415) 983-3252

C.M. professionals: 50

Product line: Lockboxing, medium-volume retail and automated wholesale with alternative sites in northern and southern California; controlled disbursement with delayed funding; terminal-based communications with terminal-initiated wire transfers and ACH transactions; ACH services include electronic depository transfer checks, direct deposit, and corporate trade payments; international services include letters of credit, documentary collections and foreign exchange trades; consulting services include lockbox and disbursement studies, and stand-alone consulting group; cash investment separate account management; zero balance accounts; payable thru drafts, account reconciliation; treasury workstations; pre-authorized ACH debits.

Other services include credit depository transfer checks through the automated clearing house.

Contact: Dan Peterson, v.p.

Cullen Bank

P.O. Box 1315, Houston, Texas 77251; (713) 652-7600

Product line: Lockboxing, retail and wholesale with 12 sites and mail intercept in Dallas; controlled disbursement with some delayed funding; terminal-based balance reporting with terminal-initiated wire transfers, stop payments and ACH; direct deposit and corporate trade payments; letters of credit, documentary collections and foreign exchange advisory; cash management systems consulting; sweeps and separate account management.

Other services include zero balance accounts, payable thru drafts, account reconciliation, pre-authorized debits and treasury workstation.

Contact: Cash management department.

First of America Bank — Detroit

645 Griswold, Detroit, Mich. 48226; (313) 965-1900

Product line: Lockboxing, retail and wholesale (both manual and automated); controlled disbursement; ACH services include electronic DTCs, direct deposit and corporate trade payments; international services include letters of credit and a Canadian lockbox site (Windsor, Ontario); sweep accounts. Other services include zero balance accounts, payable thru drafts, account reconciliation and pre-authorized ACH debits.

Contact: Harold A. Cunningham, v.p.

First Bank Minneapolis

First Bank Place, Minneapolis, Minn., 55480; (612) 370-4983

C.M. professionals: 35

Product line: Lockboxing includes both retail and wholesale with an alternative site in Milwaukee; controlled disbursement is offered, also with delayed funding. Terminal-based communications services include terminal-initiated wire transfers, stop payments and ACH transactions. ACH services include electronic DTCs, direct deposit and corporate trade payments. International services include letters of credit, documentary collections, overseas lockbox collections (London) and foreign exchange trading. Consulting services include lockbox and disbursement studies; investment management services include sweep accounts and separate account management. Other services include zero-balance accounts, payable thru drafts, account reconciliation, a treasury workstation (Capital Systems Group), and preauthorized debits through the ACH.

Contact: Louise M. Miner, v.p. and manager.

First Bank St. Paul

332 Minnesota St., St. Paul, Minn. 55101; (612) 370-4983

C.M. professionals: 17

Product line: Lockboxing includes both retail and wholesale with an alternative site in Milwaukee; controlled disbursement, also with delayed funding, terminal-based communications services include terminal-initiated wire transfers and ACH transactions; ACH services include electronic DTCs, direct deposit and corporate trade payments; international services include letters of credit, documentary collections, overseas lockbox collections (London) and foreign exchange trading; consulting services include lockbox and disbursement studies; investment management services include sweep accounts and separate account management.

Other services include zero balance accounts, payable thru drafts, account reconciliation and a treasury workstation (Capital Systems Group). Also pre-authorized debits through the ACH.

Contact: Louise M. Miner, v.p. and manager.

First City National Bank of Houston

P.O. Box 2557, Houston, Texas 77252; (713) 658-5077

Fortune 1000 clients: 600

Product line: Lockbox, retail and wholesale (image processing equipment in Houston and Dallas, automatic retail in Austin, manual in El Paso); controlled disbursement with delayed funding and multiple points; terminal-based balance reports (current day balance and detail transaction reporting) with terminal-initiated wire transfers; stop payments and ACH; ACH with direct deposit and corporate trade payments (credits and debits), also extended evening deadlines; international with letters of credit, documentary collections, lockbox in London, foreign trading and advice.

Other services include zero balance accounts; automatic payable thru drafts; account reconciliation; treasury workstation; pre-authorized debits and weekend ACH.

Contact: Phil Able, v.p.

First Interstate Bank of Arizona

114 W. Adams, Phoenix, Ariz. 85036; (602) 271-1296

C.M. professionals: 12

Product line: Lockboxing, both retail and automated wholesale with alternative sites throughout the West and mail intercept facility; terminal-based communications services include terminal-inititated wire transfers; ACH services include electronic DTCs, direct deposit and corporate trade payments; international services include letters of credit, documentary collections, overseas lockbox collections, foreign exchange trading and advisory. Other services include zero balance accounts, payable thru drafts, account reconciliation and treasury workstation (ADS Associates). Also pre-authorized debits through the ACH.

Contact: Wilbur J. Brown, v.p.

First Tennessee Bank

P.O. Box 84, Memphis, Tenn. 38101; (901) 523-4113

Fortune 1000 clients: 190

Product line: Lockboxing, both automated retail and wholesale; controlled disbursement; terminal-based balance reporting; electronic depository transfer checks; direct deposit; letters of credit; lockbox consulting studies; other consulting services; sweep accounts; zero balance accounts; payable thru drafts; account reconciliation; treasury workstations; pre-authorized automated clearing house debits; week-end concentration; SWIFT.

Contact: John C. Young, v.p.

First National Bank of Cincinnati

425 Walnut St., Cincinnati, Ohio 45202; (513) 632-4017

Fortune 1000 clients: 50

Product line: Lockboxing, manual wholesale with mail intercept; controlled disbursement with delayed funding and two presentment points; terminal-based balance reporting; ACH services include electronic DTCs, direct deposit and corporate trade payments; international services include letters of credit, documentary collections, foreign exchange trading and advisory; lockbox and disbursement studies; account sweeps.

Other services include zero balance accounts, payable thru drafts, account reconciliation and pre-authorized debits.

Contact: James C. Rolfes, v.p.

First National Bank & Trust Co. of Oklahoma City

Box 25189, Oklahoma City, Okla. 73125; (405) 272-4962

Product line: Lockbox, manual wholesale and automatic retail; controlled disbursement with some delayed funding and four in-state points; terminal-based balance reports with terminal-initiated ACH; ACH with direct deposit and corporate trade payments; international with letters of credit and documentary collections; accounts payable consulting; sweeps and separate cash portfolio management. Other services include zero balance accounts; payable thru drafts; account reconciliation; treasury workstations; pre-authorized debits and weekend ACH.

Contact: Mr. Horn.

First National Bank & Trust Co. of Tulsa

P.O. Box 1, Tulsa, Okla. 74193; (918) 586-5836

Product line: Lockbox retail and wholesale; controlled disbursement with some delayed funding and two in-state points; terminal-based balance reporting; terminal-based ACH (1Q '86); ACH direct deposit and corporate trade payments; cashflow consulting; sweeps.

Other services include zero balance accounts; payable thru drafts; account reconciliation; pre-authorized debits and weekend ACH.

Contact: Jean Nelson, corporate cash management.

Hibernia National Bank in New Orleans

313 Carondelet St., New Orleans, La. 70130; (504) 586-5437

Product line: Lockboxing, manual wholesale; controlled disbursement; terminal-based balance reporting; ACH services include electronic DTCs and direct deposit; international services include letters of credit and documentary collections; consulting services include lockbox and disbursement studies.

Other services include zero balance accounts, payable thru drafts, account reconciliation and pre-authorized debits.

Contact: Pierre F. Olivier, assistant operations officer.

Interfirst Bank Dallas

1401 Elm St., Dallas, Texas 75283; (214) 977-4025

C.M. professionals: 27
Fortune 1000 clients: 275

Product line: Lockboxing includes wholesale (both automated and manual) and automated retail, with alternative site in Houston; controlled disbursement with 10 presentment points in Texas and delayed funding; terminal-initiated wire transfers, and terminal-initiated ACH; electronic DTCs, direct deposit and corporate trade payments; international services include letters of credit, documentary collections, foreign exchange trading and advisory; consulting services include lockbox and disbursement studies. Other services include zero balance accounts, payable thru drafts, account reconciliation, pre-authorized ACH debits and weekend concentration.

Contact: Zackie Wisdom, senior v.p.

Marquette Bank Minneapolis

6th & Marquette Ave., Minneapolis, Minn. 55480; (612) 341-5640

Product line: Lockboxing, manual wholesale; controlled disbursement with delayed funding; terminal-based balance reporting (1Q '86) with terminal-initiated ACH and stop payments; direct deposit and corporate trade payments; letters of credit; cash management systems consulting; sweeps and separate account management. Other services include zero balance accounts, account reconciliation, pre-authorized debits and weekend funds (4Q '85).

Contact: Reid Evenson, asst. v.p.

MBank Houston

P.O. Box 2629, Houston, Texas 77252; (713) 751-6403

C.M. professionals: 12
Fortune 1000 clients: 210

Product line: Lockboxing, both wholesale and retail (automated in first quarter of 1986), with alternative sites in Texas; controlled disbursement with alternative sites in Texas. Terminal-based communications with terminal-initiated wire transfers; ACH services include electronic DTCs, di

rect deposit and corporate trade payments. International services include letters of credit and foreign exchange trades. Consulting services include lockbox and disbursement studies and other; investment services include sweep accounts; other services include zero balance accounts, payable thru drafts, account reconciliation and treasury workstations.

Also offered are preauthorized ACH debits; freight payments; and Petroclear service (a clearinghouse for oil companies on settlement day).

Contact: Joe A. Larson, v.p., and manager.

National City Bank

P.O. Box 5756, Cleveland, Ohio 44101; (216) 575-2417

Product line: Lockboxing, automated retail and automated wholesale with multiple sites and network (westnet); controlled disbursement with delayed funding; terminal-based balance reporting with terminal-initiated wire transfers and ACH; direct deposit and corporate trade payments; letters of credit, documentary collections and foreign exchange trading; cash management systems consulting (standalone); sweeps and separate account management.

Other services include zero balance accounts, payable thru drafts, account reconciliation, pre-authorized debits, weekend ACH, freight payments and treasury workstation.

Contact: Anne C. Hartman.

Norwest Banks

8th & Marquette Ave., Minneapolis, Minn. 55402; (612) 372-8511

Fortune 1000 clients: 500

Product line: Norwest Banks are in Minnesota, Iowa, Nebraska, North Dakota, South Dakota, Montana and Wisconsin. Lockboxing, both retail and wholesale with sites in Iowa, Minnesota and Nebraska, and also a mail intercept facility; controlled disbursement with some delayed funding and 15 disbursement points; terminal-based balance reporting with terminal-initiated wire transfers and ACH transactions. ACH services include direct deposit and corporate trade payments. International services include letters of credit, documentary collections and foreign exchange trading and advisory. Consulting services include lockbox and disbursement studies. Investment management services include automated sweeps and separate account management.

Other services include zero-balance accounts, payable thru drafts, account reconciliation, preauthorized debits and weekend funds concentration.

Contact: Richard Ferris, sales manager.

NS&T Bank

15th St. and New York Ave. N.W., Washington, D.C. 20005; (202) 879-6030

Product line: Lockboxing services include automated retail and wholesale; terminal-based communications services. ACH services include electronic DTCs (available from September), direct deposit and corporate trade payments (receive only). International services include documentary collections and foreign exchange trading. Investment services include sweep accounts and separate cash portfolio management.

Other services include zero-balance accounts, account reconciliation, and preauthorized ACH debits.

Contact: Major A. Williams Jr., v.p.

RepublicBank Dallas

P.O. Box 225961, Dallas, Texas 75265; (214) 653-6861

C.M. professionals: 30

Product line: Lockboxing includes automated wholesale and automated retail, with alternative sites (member of Imagenet); controlled disbursement with delayed funding and alternative sites in-state; terminal-based communications services include terminal-initiated wire transfers, stop payments and ACH transactions; ACH services include electronic DTCs, direct deposit and corporate trade payments; international services include letters of credit, documentary collections, and foreign exchange trading; consulting services include lockbox and disbursement studies; investment services include sweep accounts. Other services include zero balance accounts, payable thru drafts, account reconciliation, and treasury workstations (ADS Associates). Also pre-authorized ACH debits and freight payments.

Contact: Shirley J. Gilmer, v.p.

Riggs National Bank of Washington D.C.

1120 Vermont Ave. N.W., Washington, D.C. 20005; (202) 835-6312

Product line: Lockboxing, automated retail and manual wholesale; controlled disbursement; terminal-based balance reporting with terminal-initiated wire transfers and ACH; direct deposit and corporate trade payments; letters of credit, foreign exchange trading and advice; sweeps and separate account management.

Other services include zero balance accounts, payable thru drafts, account reconciliation and treasury workstation.

Contact: Howard Brooks, v.p.

Society National Bank

127 Public Square, Cleveland, Ohio 44114; (216) 622-8619

Product line: Lockboxing, automated retail and wholesale (both manual and automated); controlled disbursement with three points and delayed funding available; terminal-based balance reporting. ACH services include electronic DTCs, direct deposit and corporate trade payments (from January 1986). International services include letters of credit, documentary collections and foreign exchange trading. Consulting services include lockbox and disbursement studies. Investment management services include some automated sweeps and separate account management.

Other services include zero-balance accounts, payable thru drafts, account reconciliation and preauthorized debits.

Contact: Bruce G. Keenen, v.p. and manager.

United Virginia Bank

919 East Main St., Richmond, Va. 23219; (804) 782-7552

Product line: Lockboxing, retail and wholesale, automated and manual, with multiple sites; controlled disbursement with delayed funding; terminal-based balance reporting with terminal-initiated wire transfers and ACH; direct deposit and corporate trade payments; letters of credit, foreign exchange trades and advice; sweeps and separate account management. Other services include zero balance accounts, payable thru drafts, account reconciliation, pre-authorized debits, weekend ACH and treasury workstation.

Contact: Richard F. Smith, v.p.

Data on 16 largest systems

Growth of pension plans projected

LONDON — Five of the world's 10 largest pension retirement systems are expected to grow faster than the United States', according to data compiled by InterSec Research Corp.

InterSec's London office has compiled the data on the world's 16 largest pension systems, according to David Booher, director.

When the project was initiated in 1981, InterSec put together two groups of business executives, one from major multinational institutions and the other from financial institutions such as Chase Manhattan Bank, Morgan Guaranty Trust Co., Credit Agricole, Country Bank and Pierson, Heldring & Pierson, he explained.

"We looked to those two groups to give us the questions they wanted answered," he said.

Since the first stage of the project was completed in mid-1983, the firm has been running hard to increase research, he said.

InterSec London's client list now includes 35 institutions, 10 of which are multinationals and 25 of which are financial, he said.

While the primary focus was on formulating a macro-view of each nation's pension system, InterSec is now moving toward surveying pension plans individually, Mr. Booher said.

Now, each volume of research data breaks out for each pension system a description of what a pension plan is for each particular nation and what laws apply.

"We are the only people in the world with English-language versions of the pension laws of the Dutch and German systems," he said.

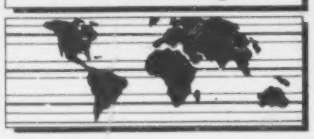
Further, information is included on which agencies supervise each nation's pension system, he said. There is data on what investment constraints face them, such as what money managers a pension fund is allowed to hire, what asset mix they can employ and possible custody arrangements available.

There is also information about what type of managers compete for business in each nation and the services they provide (i.e. balanced or specialized approaches), and what accounting and reporting requirements face pension funds in each nation.

"We also try to identify individual pension funds, their range of asset mix and their management structures," Mr. Booher said.

"We are now moving in the direction of surveying the potential for future change in the way their assets are managed."

International update



Joint owners split

HARTFORD, Conn. — As Aetna Montagu Asset Management Ltd. throws the spotlight on its global investment capability, the parent companies that formed this joint venture are parting ways, said Christian W. Thwaites, assistant vice president.

Aetna Life & Casualty Co. is now full owner of British money manager Montagu Investment Management, and its ERISA management arm, Aetna Montagu Asset Management Ltd.

Under an agreement reached last month, Midland Bank, London, which held 60% of the equity shares of merchant bankers Samuel Montagu & Co., paid Aetna Life $135 million to emerge 100% owner of the merchant bank.

In turn, Aetna Life sold Midland its 40% stake in Samuel Montagu, in return for 100% ownership of Montagu Investment Management plus cash worth $62 million, Mr. Thwaites explained.

Aetna Montagu manages about $100 million in pension assets for U.S. customers. Montagu Investment Management manages about $4.1 billion, of which about 33% is U.K. pension funds and the remainder is investment trusts, mutual funds and other corporate taxable funds.

The reason for the reshuffling the case for worldwide investment to U.S. pension sponsors.

Key Trust Co., Albany, N.Y. and Dunedin Fund Managers of Edinburgh, Scotland, have joined forces to form Key Dunedin Worldwide Investments said Henry M. Gridley, president.

Key Dunedin will offer separately managed accounts to pension funds, 401(k) plans, endowments and to high net worth individuals, he said.

Key Trust will be the investment manager for the global product, while Dunedin Fund Managers will be the adviser, Mr. Gridley added.

Key Trust manages about $400 million in pension assets for 150 clients in the United States.

Dunedin Fund Managers Ltd. manages 1 billion pounds sterling, or $1.4 billion for four investment trusts, seven unit trusts and several U.K. pension funds clients.

Among Dunedin's investment trusts is the Edinburgh Investment Trust, which is one of the largest in the United Kingdom, said Mr. Gridley.

Global firm opens

NEW YORK — A new global investment management entity has been formed and will be pitching centers around the upcoming deregulation of the U.K. financial markets, said Mr. Thwaites.

Midland Bank aims to use Samuel Montagu as a vehicle for primary bond dealing, market making and issuance, he said.

"The necessary capital requirements and evident conflict of interests with a discretionary investment management subsidiary were considered inappropriate to Aetna's and Montagu Investment Management's international strategies," he said.

Projected growth of private pension fund assets
1984 - 1990

Country	Private pension assets as of Dec. 31, 1984* (U.S. $ mil.)	% estimated growth rate per year**	Private pension assets projected for 1990 (U.S. $ mil.)
United Kingdom	$ 115,000	12	$ 225,000
Netherlands	77,000	12	150,000
Canada	65,000	12	130,000
Japan	64,000	25	245,000
Switzerland	55,000	15	125,000
Australia	25,000	20	75,000
Germany	24,000	12	45,000
South Africa	10,000	18	25,000
France	6,500	12	15,000
Rest of Non-U.S. world	53,500	25	205,000
Total Non-U.S.	495,000		1,240,000
United States	875,000	12	1,750,000
TOTAL	**$1,370,000**		**$2,990,000**

* Estimated by InterSec Research Corp.
** Assumes 5% inflation per year
Source: InterSec Research Corp., London

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For more information, please call or write Robert Q. Wyckoff, Vice President, Bessemer Trust Company, N.A., 630 Fifth Avenue, New York, NY 10111, (212) 708-9322.

*A composite of all fully discretionary tax-free funds.

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Hancock gets OK

BOSTON — John Hancock Venture Capital Management Inc., a unit of John Hancock Mutual Life Insurance Co., will be allowed to charge performance-based fees under an exemption granted by the Securities and Exchange Commission.

Hancock now is developing a venture capital limited partnership for marketing this fall, said Richard Troy, vice president. He said the company is seeking to raise $200 million to $300 million, with an initial closing Dec. 31.

It also plans to launch another timber fund. Last year's timber fund raised about $20 million, but Hancock hopes for $100 million in commitments for the new fund.

Timber prices are still weak, making it a good time to buy, Mr. Troy added: "It's funny. People want to buy stocks low but don't want to buy other things low." ■

PIPER

The statistical data are extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

Non-cyclicals tied to higher rankings

By Chuck Paustian

The performance of stocks in interest rate-sensitive industries catapulted some commingled equity funds to higher rankings in the Pensions & Investments' Performance Evaluation Report for the second quarter of 1985.

However, the median fund in the PIPER universe was unable to beat the benchmark Standard & Poor's 500 stock index for any period surveyed.

For the quarter, the median PIPER fund returned 7.3%; the S&P 500, 7.4%. For the one-, three-, five- and 10-year periods ended June 30, the returns for the median fund and the S&P 500 were 28.8% and 31.1%; 23% and 26.1%; 16.2% and 16.6%; and 11.6% and 12.7%, respectively.

Security Pacific's Equity E fund was the top PIPER performer for the quarter, with a compound annual time weighted return of 13.9%. The fund ranked in the 10th decile for the previous quarter, with a return of 4.8%.

William H. Duncan is senior vice president and senior portfolio manager for The Pacific Century Group, San Diego, a Security Pacific Corp. subsidiary that manages the $26 million fund. He said exposure to non-cyclical companies was a big reason for the fund's turnaround.

"(The reason for the turnaround was) our exposure to growth companies with low cyclicalities. In general, they were companies with the potential for accelerated growth," said Mr. Duncan.

"We expected the economy to be on the downside in '85. In February, I reduced our exposure to companies that were dependent on the economy."

He said some of the positions reduced were in the technology and capital goods sectors of the market.

Mr. Duncan said he also was heavily weighted in the financial sector, including the stocks of insurance companies, regional banks and savings and loans. These stocks tend to perform well when interest rates fall. The portfolio also had significant exposures in the service industry.

He added many of the financial stocks that had performed well have since been sold. Some of these include **Torchmark Corp.**, **Jefferson-Pilot Corp.**, **Home Federal Savings & Loan**, and **American National Insurance Co.**

First Interstate of Nevada, Reno, ranked second during the quarter, with a return of 13.5%, followed by New England Mutual Life Insurance Co., Boston, 13.4%; Sun Banks, Orlando, Fla., 13.2%; and Summitt Trust Co., Summit, N.J., 12.5%.

Robert M. Lee, president of First Interstate Investment Advisors, Las Vegas, Nev., said the improved performance of the $11 million Employee Benefit Commingled Stock Fund, which ranked seventh last quarter, was because of falling interest rates.

"The primary force behind our good performance is the decline in interest rates during the past 12 months," he said.

"Our portfolios were extremely interest sensitive. The force behind the declining interest rates was the slowing of the economy."

Mr. Lee said the disciplined approach used for selecting stocks looks for low price-earnings ratios, good current yields and good anticipated growth rates.

The industries with the heaviest weightings in the fund's portfolio are savings and loans (**Ahmansen Corp.** and **Home Federal Savings & Loan**), utilities (**Pacific Gas & Electric Co.** and **Texas Utilities Co.**), regional banks (**Bank of New England**), defense (**Lockheed Corp.** and **McDonnell Douglas Corp.**) and airlines (**UAL Inc.**).

For the one-year period ended June 30, Sun Banks was the top performer, with a return of 52.3% for its equity fund, edging Bank of the West, San Jose, Calif., last quarter's top performer, into second with a return of 46.5%.

Anthony R. Gray, executive vice president and chief investment officer at Sun Banks, said the $64 million fund primarily is invested

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Life of Virginia's gamble pays off

By Alan Krauss

An unorthodox investment strategy has paid off for the commingled fixed-income fund offered by Life Insurance Co. of Virginia, Richmond, Va.

The $341 million bond fund consistently has placed in the top decile of Pensions & Investments' Performance Evaluation Report: it was the top fund for the three- and 10-year periods ended June 30, second for the five-year period, eighth for one year and 15th for the quarter.

The fund is managed by Continental Investment Advisors Ltd., which along with Life of Virginia is a subsidiary of the Continental Group. The firm uses a system of debt retirement arbitrage — actively trading sinking bonds and taking advantage of issuers' yearly obligations to repurchase a percentage of each issue in the open market.

"Our style is unique," said Charles Keller, managing director of Continental Investment Advisors. "It's an alternative to market timing ... with defensive characteristics. When interest rates go up, the (issuer) still has to come into the market and buy (to fulfill the sinking provisions). When interest rates go down, we're better off because we bought the bonds at a discount and they can rise further before hitting call price."

The top performing commingled fixed-income fund in the second quarter, according to PIPER, was the Collective Employee Benefit Fixed Income Fund offered by First Fidelity Bank, Newark, N.J., which brought investors a 13.6% time-weighted compound return on investment. The median return earned in the PIPER commingled fixed-income universe during the quarter was 7.6%, while funds in the top quartile earned 8.8% or better. The Shearson Lehman Government/Corporate bond index advanced 8.2%.

Richard Nicholson, First Fidelity senior vice president and manager of the $4.9 million fund, said that as bond yields have fallen in recent months, the fund has reached its maximum investment in the longest term bonds it buys: it now is 34% invested in securities with 10-year maturities.

"There have never been 30-year bonds in this fund," Mr. Nicholson said. "We consider one year short-term, and 10 years long-term."

Mr. Nicholson thinks interest rates are bottoming out. "There may be a little more potential on the downside, but interest rates are basically at bottom," he said, adding he expects the economy as a whole to remain strong but not sound.

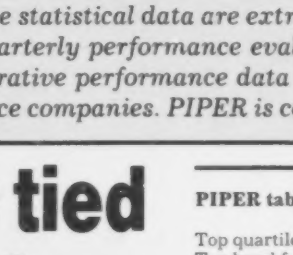
"We feel that the strength in the economy will be 'weak strength.'

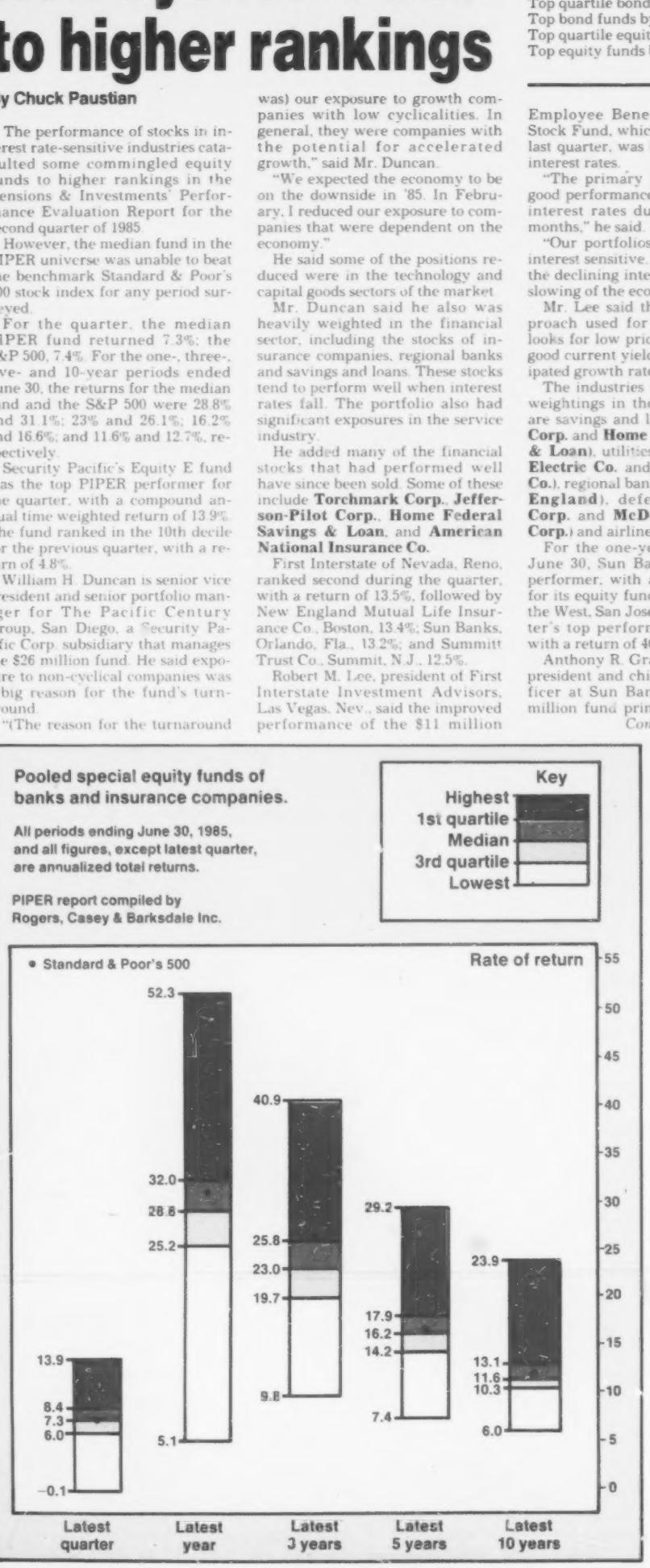
Continued on page 38

Pooled special equity funds of banks and insurance companies.

All periods ending June 30, 1985, and all figures, except latest quarter, are annualized total returns.

PIPER report compiled by Rogers, Casey & Barksdale Inc.

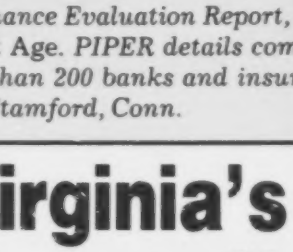


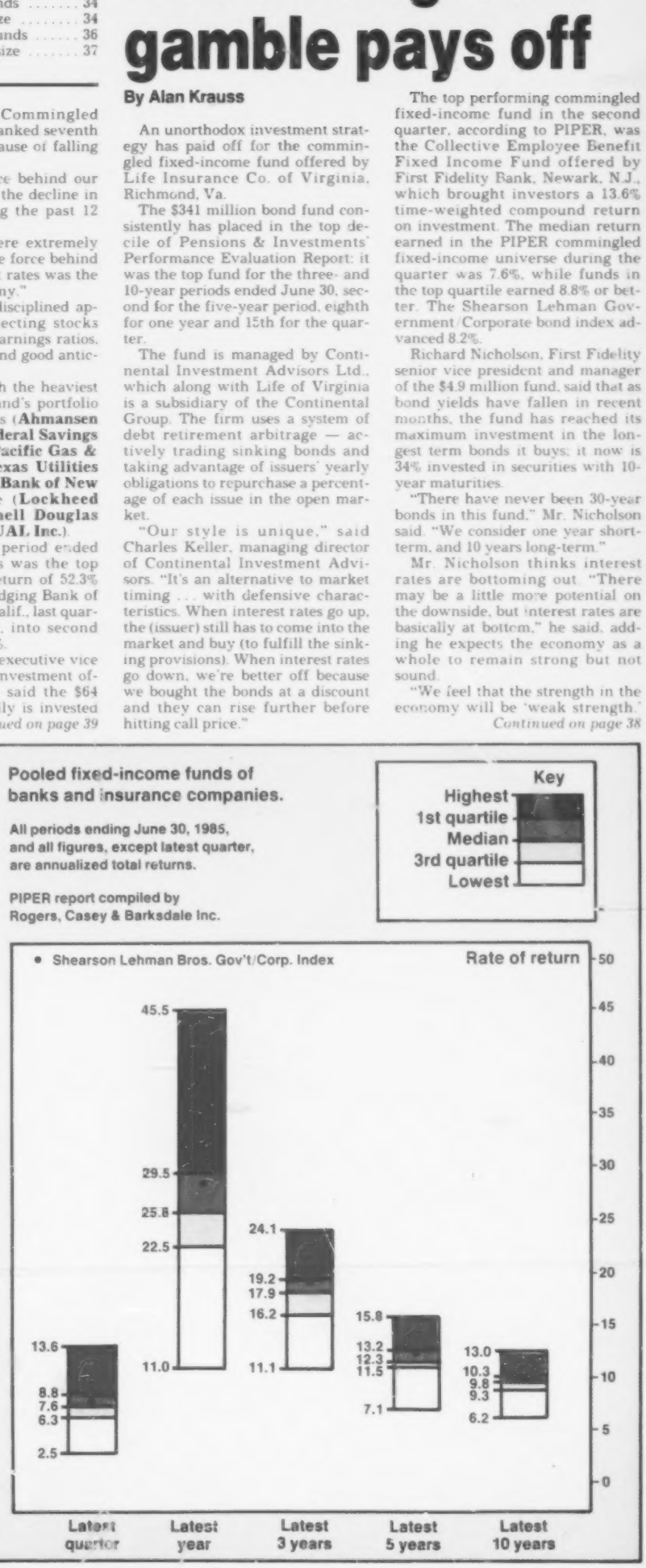


Pooled fixed-income funds of banks and insurance companies.

All periods ending June 30, 1985, and all figures, except latest quarter, are annualized total returns.

PIPER report compiled by Rogers, Casey & Barksdale Inc.





PIPER

Top quartile commingled fixed-income funds

3-month returns

	%
First Fidelity, N.J.	13.6
United of Denver	13.3
AmSouth, Ala.	13.1
First Interstate of Nevada	12.5
Centerre Trust, Mo.	12.0
Trust Svcs of Amer., Calif.	11.5
Republic National, Dallas	11.4
Manufacturers Life, Ont.	11.3
First Interstate of Denver	11.3
Travelers (Acct. P), Conn.	11.1
Connecticut National Bank	11.0
Maryland National	10.8
John Hancock, Mass.	10.8
Security Pacific (Acct. F), Calif.	10.8
Life of Virginia	10.5
Commerce Union, Tenn.	10.4
Fidelity Bank, Pa.	10.4
MBank, Austin, Texas	10.3
Minnesota Mutual (Acct. E),	10.3
Central Natl., Cleveland	10.1
Hawaiian Trust	10.1
American Security, D.C.	10.1
General American (Acct. 8), Mo.	10.0
Security Norstar Bank, N.Y.	10.0
Harris Trust, Ill.	10.0
Bankers Trust (Fund A), N.Y.	9.9
Associated Manitowoc, Wis.	9.7
Trust Co. of Georgia	9.7
First of Chicago	9.7
Fourth Natl., Wichita, Kan.	9.7
Aetna Life & Casualty (76), Conn.	9.7
Bank of California	9.6
Beacon Asset, Mass.	9.6
Metropolitan Life (No. 41), N.Y.	9.5
Fifth Third Bank, Ohio	9.5
Natl. Bank of Commerce, Neb.	9.5
First Trust Corp., Conn.	9.5
CIGNA Corp., Conn.	9.4
Bessemer Trust, N.Y.	9.3
First Wis. Natl., Madison	9.3
Natl. City, Cleveland	9.3
Connecticut National Bank	9.2
American Natl., Minn.	9.2
First Interstate of Ariz.	9.2
Comerica Bank, Mich.	9.2
Liberty Natl., Ky.	9.2
Bankers Life, Iowa	9.1
Lincoln Natl. Pens., Ind.	9.1
Key Trust Co., N.Y.	9.1
Wachovia Bank, N.C.	9.1
Morgan Guaranty, N.Y.	9.1
Northern Trust, Ill.	9.0
Bank of New York	9.0
Equitable Life (No. 5), N.Y.	9.0
Provident Natl., Pa.	9.0
Texas Commerce	9.0
Natl. Bank of Detroit	9.0
First Kentucky Trust	8.9
First City Natl., Houston	8.9
First Interstate of Calif.	8.9
Massachusetts Mutual	8.8
First of Shereveport, La.	8.8
Boatmen's Natl., Mo.	8.8
Colorado National Bank	8.8
Central Trust, Ohio	8.8
Shearson Lehman Index	**8.2**

1-year returns

	%
First Interstate of Nevada	45.5
United of Denver	43.2
Centerre Trust, Mo.	39.8
AmSouth, Ala.	37.7
Manufacturers Life, Ont.	37.5
First Interstate of Denver	37.5
Travelers (Acct. P), Conn.	37.4
Life of Virginia	35.9
Central Natl., Cleveland	35.6
Connecticut Natl. Bank	35.4
American National, Minn.	35.4
Security Pacific (F), Calif.	34.3
Trust Svcs of Amer., Calif.	34.3
Colorado Natl. Bank	34.1
Bank of California	34.0
First of Chicago	33.7
Commerce Union, Tenn.	33.7
Seafirst Bank, Wash.	33.7
American Security, D.C.	33.7
Fourth Natl., Wichita, Kan.	33.6
John Hancock, Mass.	33.1
Allied Bank, Texas	33.1
Security Pacific (V), Calif.	33.0
Lloyds Bank (C), Calif.	33.0
Republic Natl., Dallas	32.9
First Fidelity, N.J.	32.8
Central Fidelity, Va.	32.5
Comerica Bank, Mich.	32.1
Trust Co. of Georgia	32.0
IAA Trust Co. (Fund B), Ill.	32.0

Top fixed funds by size

1-year returns

Over $100 million

	%
Centerre Trust, Mo.	39.8
Life of Virginia	35.9
First of Chicago	33.7
American Security, D.C.	33.7
John Hancock, Mass.	33.1
Citicorp, N.Y.	31.3
Equitable Life, N.Y.	31.2
Wachovia Bank, N.C.	31.1
Harris Trust, Ill.	30.7
Irving Trust, N.Y.	29.9

$50 million to $100 million

	%
First Interstate of Denver	37.5
Comerica Bank, Mich.	32.1
Northern Trust, Ill.	31.4
Chemical Bank, N.Y.	30.8
Continental Illinois	30.5
Boatmen's Natl., Mo.	29.9
Bankers Life, Iowa	29.6
Bankers Trust, N.Y.	29.5
Mutual of New York	29.5
Marine Midland, N.Y.	29.4

$10 million to $50 million

	%
United of Denver	43.2
AmSouth, Ala.	37.7
Travelers, Conn.	37.4
Central Natl., Cleveland	35.6
American Natl., Minn.	35.4
Security Pacific, Calif.	34.3
Trust Svcs of Amer., Calif.	34.3
Colorado Natl. Bank	34.1
Commerce Union, Tenn.	33.7
Seafirst Bank, Wash.	33.7

Under $10 million

	%
First Interstate of Nevada	45.5
Manufacturers Life, Ont.	37.5
Connecticut Natl. Bank	35.4
Bank of California	34.0
First Fidelity, N.J.	32.8
Central Fidelity, Va.	32.5
IAA Trust Co., Ill.	32.0
Colonial Am. Natl., Va.	31.4
Beverly Bank, Ill.	31.2
Maryland National	30.7

10-year returns

Over $100 million

	%
Life of Virginia	13.0
Texas Commerce	12.0
American Security, D.C.	11.5
Manufacturers Hanover	11.2
Centerre Trust, Mo.	11.1
John Hancock, Mass.	11.0
CIGNA Corp., Conn.	10.4
Wachovia Bank, N.C.	10.1
Citicorp, N.Y.	10.1
First of Chicago	10.0

$50 million to $100 million

	%
Hibernia National, La.	11.7
Mercantile Trust, Mo.	10.9
NCNB Natl. Bank, N.C.	10.3
US Trust, N.Y.	10.2
Bankers Trust, N.Y.	10.2
American Natl., Chicago	10.1
First Interstate of Denver	10.1
Comerica Bank, Mich.	9.7
Northern Trust, Ill.	9.6
Marine Midland, N.Y.	9.6

$10 million to $50 million

	%
Pacific Mutual, Calif.	12.5
Sovran Bank, Va.	12.2
Seafirst Bank, Wash.	11.6
First Jersey Natl., N.J.	11.6
Fidelity Bank, Pa.	11.4
First Interstate of Calif.	11.4
First Fidelity Bank, N.J.	11.1
Jefferson Trust, Ill.	11.1
United of Denver	11.1
California First Bank	11.0
Commerce Union, Tenn.	11.0

Under $10 million

	%
Beverly Bank, Ill.	11.9
Central Fidelity, Va.	11.6
First Fidelity, N.J.	11.0
MBank, Austin, Texas	11.0
Penn Bank, Erie, Pa.	10.8
First of Neenah, Wis.	10.7
Oregon Bank	10.5
First in Bartlesville, Okla.	10.4
First of Neenah, Wis.	10.4
American Natl. Bank, Ind.	10.3

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*Based on Risk-Return Performance Comparisons report issued by Frank Russell Company for Investment Advisor Separate Accounts and Balanced Separate Accounts for five years ending 12-31-84.

PIPER

First Wis. Natl., Madison	32.0
Hawaiian Trust	32.0
Bessemer Trust, N.Y.	31.9
First Fidelity Bank, N.J.	31.6
First Interstate of Ariz.	31.6
First of Cincinnati, Ohio	31.5
Northern Trust, Ill.	31.4
Natl. Bank of Commerce, Neb.	31.4
Colonial Am. Natl., Va.	31.4
Citicorp, N.Y.	31.3
Connecticut Natl. Bank	31.2
Beverly Bank, Ill.	31.2
Equitable Life (No. 5), N.Y.	31.2
Wachovia Bank, N.C.	31.1
Natl. Bank of Commerce, Tenn.	31.0
First of Minneapolis	30.9
Chemical Bank (No. 1), N.Y.	30.8
Harris Trust, Ill.	30.7
Maryland National	30.7
Manufacturers Detroit	30.7
First Trust Corp., Colo.	30.6
Commerce Bank, K.C. Mo.	30.5
Continental Illinois	30.5
Mellon Bank, Pa.	30.2
Allied Bank, Texas	30.1
Boatmen's National, Mo.	29.9
Merchants National, Ala.	29.9
Irving Trust, N.Y.	29.9
Key Trust Co., N.Y.	29.9
First Interstate of Calif.	29.9
Fifth Third Bank, Ohio	29.9
Bankers Life, Iowa	29.6
First Trust St. Paul, Minn.	29.5
Bankers Trust (Fund A), N.Y.	29.5
Mutual of New York	29.5
Confederation Life, Ont.	29.5
Natl. Bank of Detroit	29.5
Shearson Lehman Index	**28.7**

3-year returns

	%
Life of Virginia	24.1
First Wis. Natl., Madison	24.0
Trust Svcs of Amer., Calif.	23.5
United of Denver	23.5
AmSouth, Ala.	23.0
First Variable Life, Ark.	22.3
First Interstate of Nevada	22.2
Central Natl., Cleveland	21.9
Central Fidelity, Va.	21.9
Colorado National Bank	21.7
John Hancock, Mass.	21.7
First Fidelity, N.J.	21.6
CIGNA Corp., Conn.	21.6
First Interstate of Denver	21.6
Centerre Trust, Mo.	21.5
First Kentucky Trust	21.4
IAA Trust Co. (Fund B), Ill.	21.4
Lloyds Bank (Fund C), Calif.	21.3
Mutual of New York	21.3
Society National, Ohio	21.2
American Security, D.C.	21.1
Citicorp, N.Y.	21.0
Wheeling Dollar Bank, W. Va.	21.0
Pacific Mutual, Calif.	21.0
First of Chicago	20.9
Connecticut National Bank	20.8
CIGNA Corp., Conn.	20.8
Security Pacific (Fund F), Calif.	20.7
Key Trust Co., N.Y.	20.7
Bank of California	20.7
California First Bank	20.6
Colonial American Natl., Va.	20.5
Allied Bank, Texas	20.5
First Interstate of Ariz.	20.4
Mutual of New York	20.3
Travelers (Acct. D), Conn.	20.3
State Street Bank, Mass.	20.3
Wachovia Bank, N.C.	20.2
Bank of New York	20.1
First Interstate of Calif.	20.1
Natl. Bank of Commerce, Neb.	20.0
Toledo Trust, Ohio	20.0
Marine Midland, N.Y.	19.9
Beverly Bank, Ill.	19.9
Merchants Natl., Ala.	19.9
Crocker Natl. (Fund R), Calif.	19.8
Irving Trust, N.Y.	19.7
Mellon Bank, Pa.	19.7
Sovran Bank, Va.	19.7
Allied Bank, Texas	19.6
American Natl., Minn.	19.6
Commerce Union, Tenn.	19.5
Liberty National, Ky.	19.5
Bankers Trust (Fund A), N.Y.	19.5
Liberty National, Okla.	19.4
MBank, Austin, Texas	19.4
Morgan Guaranty, N.Y.	19.3
Manufacturers Detroit Mich.	19.3
Natl. Bank of Commerce, Tenn.	19.3
Commonwealth Natl. (D), Pa.	19.3
First of Cincinnati	19.2
Shearson Lehman Index	**19.1**

5-year returns

	%
Sovran Bank, Va.	15.8
Life of Virginia	15.7
Fourth Natl., Wichita, Kan.	15.3
Associated Manitowoc, Wis.	15.2
Northern Central, Pa.	15.1
CIGNA Corp., Conn.	14.9
First Kentucky Trust	14.8
Cullen Bank, Texas	14.7
Allied Bank, Texas	14.6
Beverly Bank, Ill.	14.6
Centerre Trust, Mo.	14.6
Lloyds Bank (Fund C), Calif.	14.4
American Security, D.C.	14.4
First Fidelity, N.J.	14.3
First Interstate of Calif.	14.2
Marine Midland, N.Y.	14.2
Central Fidelity, Va.	14.2
First Variable Life, Ark.	14.2
Allied Bank, Texas	14.1
Commerce Union, Tenn.	14.0
Manufacturers Hanover, N.Y.	14.0
Travelers (Acct. D), Conn.	14.0
First Jersey Natl., N.J.	13.9
MBank, Austin, Texas	13.9
Crocker National (Fund R), Calif.	13.9
Mutual of New York	13.9
Trust Svcs of Amer., Calif.	13.9
United of Denver	13.8
Pacific Mutual, Calif.	13.8
First Interstate of Denver	13.8
Mellon Bank, Pa.	13.7
Connecticut National Bank	13.7
First Interstate of Ariz.	13.7
Bankers Trust (Fund A), N.Y.	13.6
Northern Trust, Ill.	13.6
Mercantile Trust, Mo.	13.6
John Hancock, Mass.	13.5
Jefferson Trust, Ill.	13.5
Toledo Trust, Ohio	13.5
Morgan Guaranty, N.Y.	13.5
IAA Trust Co. (Fund B), Ill.	13.4
First of Maryland	13.4
Penn Bank, Erie, Pa.	13.4
Mutual of New York	13.4
Bank of California	13.4
Beacon Asset, Mass.	13.4
First of Neenah, Wis.	13.3
Manufacturers Detroit	13.3
Central Trust, Ohio	13.3
American Natl. Bank, Tenn.	13.3
First Fidelity Bank, N.J.	13.3
Riggs of Washington	13.3
First of Warsaw, Ind.	13.3
American Natl., Chicago	13.3
First Natl. of Commerce, La.	13.3
Seafirst Bank, Wash.	13.3
Landmark Union Trust, Fla.	13.2
Key Trust Co., N.Y.	13.2
Bank One, Dayton	13.2
Colonial Am. Natl., Va.	13.2
United Virginia Bank	13.2
First Interstate of Wis.	13.2
First Wis. Natl., Madison	13.2
California First Bank	13.2
Shearson Lehman Index	**13.0**

10-year returns

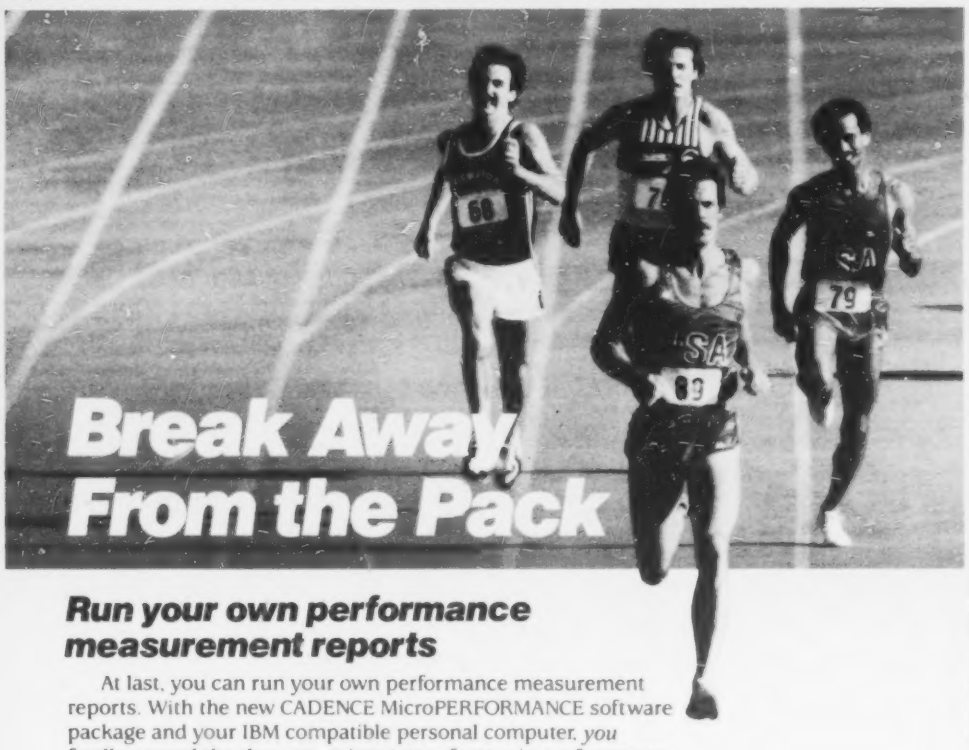
	%
Fourth Natl., Wichita, Kan.	13.0
Life of Virginia	13.0
Pacific Mutual, Calif.	12.5
Sovran Bank, Va.	12.2
Texas Commerce	12.0
Beverly Bank, Ill.	11.9
Hibernia National, La.	11.7
Seafirst Bank, Wash.	11.6
First Jersey Natl., N.J.	11.6
Central Fidelity, Va.	11.6
American Security, D.C.	11.5
Fidelity Bank, Pa.	11.4
First Interstate of Calif.	11.4
Manufacturers Hanover, N.Y.	11.2
Centerre Trust, Mo.	11.1
First Fidelity Bank, N.J.	11.1
Jefferson Trust, Ill.	11.1
United of Denver	11.1
California First Bank	11.0
First Fidelity, N.J.	11.0
MBank, Austin, Texas	11.0
John Hancock, Mass.	11.0
Commerce Union, Tenn.	11.0
First Wis. Natl., Madison	10.9
Mercantile Trust, Mo.	10.9
First Kentucky Trust	10.9
Trust Svcs of Amer., Calif.	10.8
Penn Bank, Erie, Pa.	10.8
First of Neenah, Wis.	10.7
First Interstate of Ariz.	10.7
Cullen Bank, Texas	10.7
Manufacturers Detroit, Mich.	10.7
Allied Bank, Texas	10.6
Lloyds Bank (Fund C), Calif.	10.6
American Natl. Bank, Tenn.	10.6
Toledo Trust, Ohio	10.6
AmeriTrust, Ohio	10.5
Beacon Asset, Mass.	10.5
Oregon Bank	10.5
Mellon Bank, Pa.	10.4
Indiana Natl. Bank	10.4
First in Bartlesville, Okla.	10.4
First of Neenah, Wis.	10.4
CIGNA Corp., Conn.	10.4
Allied Bank, Texas	10.4
American Natl. Bank, Ind.	10.3
Key Trust Co., N.Y.	10.3
Riggs of Washington	10.3
Crocker Natl. (Fund R), Calif.	10.3
NCNB Natl. Bank, N.C.	10.3
Shearson Lehman Index	**9.9**

PIPER

Top quartile commingled equity funds

3-month returns

	%
Security Pacific, Calif.	13.9
First Interstate of Nevada	13.5
New England Mutual, Mass.	13.4
Sun Bank, Fla.	13.2
Summit Trust Co., N.J.	12.5
Citizens Chillicothe, Mo.	12.3
California First Bank	11.2
Continental Bank, Pa.	11.0
First Kentucky Trust	10.9
First Trust Corp., Colo.	10.8
Continental Illinois	10.8
First Security Natl. Bank, Ky.	10.7
NCNB National Bank, N.C.	10.6
Merchants National, Ind.	10.5
Bank of California	10.5
Great West Life Assurance, Man.	10.5
Crocker National, Calif.	10.3
Harris Trust (Low p/e), Ill.	10.3
State Natl., Evanston, Ill.	10.0
Central Trust, Ohio	9.8
Old Kent, Mich.	9.8
Commonwealth Natl., Pa.	9.8
Manufacturers Detroit	9.7
Texas Commerce	9.7
CNA Insurance, Ill.	9.5
State Street Bank (Value I), Mass.	9.5
Boatmen's National, Mo.	9.5
National of Georgia	9.4
Hibernia National, La.	9.4
Citicorp, N.Y.	9.3
Nationwide Life Ins., Ohio	9.3
Riggs of Washington	9.2
First of Elgin, Ill.	9.2
Lincoln National, Ind.	9.2
Fidelity National, La.	9.2
American Natl.(Active) Chicago	9.1
Bank of California	9.0
Beacon Asset, Mass.	9.0
Liberty National, Ky.	9.0
Pittsburgh National, Pa.	9.0
Interfirst Invt. Mgt., Texas	9.0
First Interstate of Denver	9.0
First Jersey Natl., N.J.	8.9
US Trust, N.Y.	8.9
New Jersey National	8.9
Hawaiian Trust	8.9
American National Bank, Tenn.	8.9
Citizens Fidelity, Ky.	8.8
Barnett Banks Trust Co., Fla.	8.8
First City Natl., Houston	8.8
Mercantile Trust, Mo.	8.7
Central Penn, Pa.	8.6
Harris Trust (Common), Ill.	8.6
Mellon Bank, Pa.	8.6
American National, Minn.	8.6
First of Boston, Mass.	8.5
Boatmen's Fund, K.C. Mo.	8.5
Metropolitan Life (No. 40), N.Y.	8.5
First Interstate of Wis.	8.5
Security Norstar Bank, N.Y.	8.5
First Interstate Billings, N.Y.	8.5



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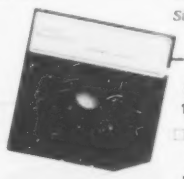

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Top equity funds by size

1-year returns

Over $100 million

	%
Manufacturers Detroit	42.8
Prudential (Priform), N.J.	39.3
Provident Natl., Pa.	38.2
Mellon Bank, Pa.	38.1
Texas Commerce	36.7
John Hancock, Mass.	35.0
MTrust, Texas	34.7
Metropolitan Life, N.Y.	34.7
Fidelity Mgmt. Trust, Mass.	34.5
AmeriTrust, Ohio	33.9

$50 million to $100 million

	%
Sun Bank, Fla.	52.3
N.Y. Life Ins. (No. 1)	41.4
First Jersey Natl.	38.9
Fidelity Bank, Pa.	38.7
Interfirst Invt. Mgmt. Texas	38.4
Centerre Trust, Mo.	36.1
Old Kent, Mich.	35.8
Comerica Bank, Mich.	34.7
Mercantile Trust, Mo.	32.6
Crocker National, Calif.	32.2

$10 million to $50 million

	%
Harris Trust (Low p/e), Ill.	44.6
First Interstate of Oregon	42.5
Bank of California	42.0
Beacon Asset, Mass.	41.9
First Trust Corp., Colo.	41.7
Summit Trust Co., N.J.	40.2
Citizens Chillicothe, Mo.	39.8
Barnett Banks Trust Co. Fla.	38.3
Continental Bank, Pa.	36.7
Guardian Insurance, N.Y.	36.6

Under $10 million

	%
Bank of the West, Calif.	46.5
First Interstate of Nevada	43.5
New Jersey National	42.4
Pioneer Bank, Ill.	39.9
Planters National, N.C.	37.8
Oregon Bank	37.5
Pittsburgh Natl., Pa.	37.3
MBank Fort Worth	36.0
First of Maryland	35.3
First of Neenah, Wis.	34.7

10-year returns

Over $100 million

	%
US Natl. of Oregon	17.5
Bankers Life, Iowa	16.7
Provident National, Pa.	16.2
Bessemer Trust, N.Y.	16.2
First Union Bank, N.C.	15.8
Aetna Life & Cas., Conn.	15.4
Massachusetts Mutual	15.4
MTrust, Texas	15.3
Manufacturers Detroit	14.7
Equitable Life (No. 4), N.Y.	14.6

$50 million to $100 million

	%
First Wis. Natl., Madison	19.2
AmSouth, Ala.	16.9
First Interstate of Denver	15.5
First Jersey National	15.0
Minnesota Mutual	13.9
Chicago Title & Trust	13.5
First Pennsylvania Bank	13.0
United Virginia Bank	12.9
Northern Trust, Ill.	12.7
First Trust, St. Paul	12.4

$10 million to $50 million

	%
Manufacturers Life, Ont.	23.9
Guardian Insurance, N.Y.	20.9
US Natl. of Galveston	18.5
Citizens Chillicothe, Mo.	18.2
First Trust Corp., Colo.	18.0
First Variable Life, Ark.	18.0
Landmark Union Trust, Fla.	16.5
First of Oklahoma	15.7
Nationwide Life Ins., Ohio	15.4
Natl. Bank of Commerce	15.2
First Interstate of Ore.	15.2

Under $10 million

	%
Confederation Life, Ont.	16.8
MBank, Fort Worth	15.1
Wheeling Dollar Bank	14.7
Pittsburgh Natl., Pa.	13.5
Union Central, Ohio	13.3
Unibanctrust, Ill.	13.3
Lake Shore Natl., Ill.	12.7
First of Kenosha, Wis.	12.6
First Natl. of Commerce, La.	12.6
First of Warsaw, Ind.	12.4
Oregon Bank	12.4

PIPER

Comerica Bank, Mich.	8.4
First Interstate of Oregon	8.4
Fidelity Bank, Pa.	8.4
New York Life Ins. (No. 1)	8.4
Northern Central, Pa.	8.4
Cullen Bank, Texas	8.4
Fifth Third Bank, Ohio	8.4
Provident National, Pa.	8.4
First Pennsylvania Bank	8.4
Prudential (Priform), N.J.	8.4
Summit Bank, Ind.	8.4
Standard & Poor's 500	**7.4**

1-year returns

	%
Sun Bank, Fla.	52.3
Bank of the West, Calif.	46.5
Harris Trust (Low p/e), Ill.	44.6
First Interstate of Nevada	43.5
State Street Bank, Mass.	43.1
Manufacturers Detroit	42.8
First Interstate of Oregon	42.5
New Jersey National	42.4
Bank of California	42.0
Beacon Asset, Mass.	41.9
First Trust Corp., Colo.	41.7
New York Life Ins. (No. 1)	41.4
Summit Trust Co., N.J.	40.2
Pioneer Bank, Ill.	39.9
Citizens Chillicothe, Mo.	39.8
Prudential (Priform), N.J.	39.3
First Jersey National, N.J.	38.9
Fidelity Bank, Pa.	38.7
Interfirst Invt. Mgmt., Texas	38.4
Barnett Banks Trust Co., Fla.	38.3
Provident National, Pa.	38.2
Mellon Bank, Pa.	38.1
Planters National, N.C.	37.8
Oregon Bank	37.5
Pittsburgh Natl., Pa.	37.3
Republic Natl., Dallas	37.2
Texas Commerce	36.7
Continental Bank, Pa.	36.7
Guardian Insurance, N.Y.	36.6
Pittsburgh National, Pa.	36.2
Centerre Trust, Mo.	36.1
MBank, Fort Worth	36.0
Old Kent, Mich.	35.8
Riggs of Washington	35.7
Trust Svcs of America, Calif.	35.5
Great West Life, Man.	35.4
First of Maryland	35.3
John Hancock (1L), Mass.	35.0
Harris Trust, Ill.	34.9
First of Neenah, Wis.	34.7
State National Evanston	34.7
Comerica Bank, Mich.	34.7
MTrust, Texas	34.7
Met Life (No. 40), N.Y.	34.7
Fidelity Mgmt. Trust, Mass.	34.5
Southeast Bank, Fla.	34.4
American National, Minn.	34.2
Nationwide Life Ins., Ohio	34.1
Summit Bank, Ind.	34.1
AmeriTrust, Ohio	33.9
First of Neenah, Wis.	33.7
US Natl. of Galveston	33.4
New England Mutual, Mass.	33.3
Citizens & Southern, Ga.	32.9
Toledo Trust, Ohio	32.9
Mercantile Trust, Mo.	32.6
American Nat'l Bank, Tenn.	32.6
CNA Insurance (Acct. A), Ill.	32.6
First of Elgin, Ill.	32.4
Bank of California	32.3
MBank Austin, Texas	32.2
Crocker National, Calif.	32.2
Colorado Natl. Bank	32.2
Citytrust, Conn.	32.2
Branch Bank & Trust, N.C.	32.1
First Wis. Natl., Madison	32.0
Natl. Bank of Comm., Tenn.	32.0
Standard & Poor's 500	**31.1**

3-year returns

	%
Manufacturers Life, Ont.	40.9
Sun Bank, Fla.	38.8
First Union Bank, N.C.	35.6
First Interstate of Oregon	34.3
Provident National, Pa.	33.4
Beacon Asset, Mass.	33.5
Guardian Insurance, N.Y.	32.7
First Variable Life, Ark.	32.2
Manufacturers Detroit, Mich.	31.5
Fidelity Mgmt. Trust, Mass.	31.3
MBank, Fort Worth, Texas	31.3
Prudential (Priform), N.J.	30.9
New England Mutual, Mass.	30.9
John Hancock (1L), Mass.	30.8
First Wis. Natl., Madison	30.8
Lake Shore National, Ill.	29.5
Centerre Trust, Mo.	29.2
Mutual Benefit, N.J.	29.1
Old Kent, Mich.	29.1
Republic Natl., Dallas	29.0
First Trust Corp., Colo.	29.0

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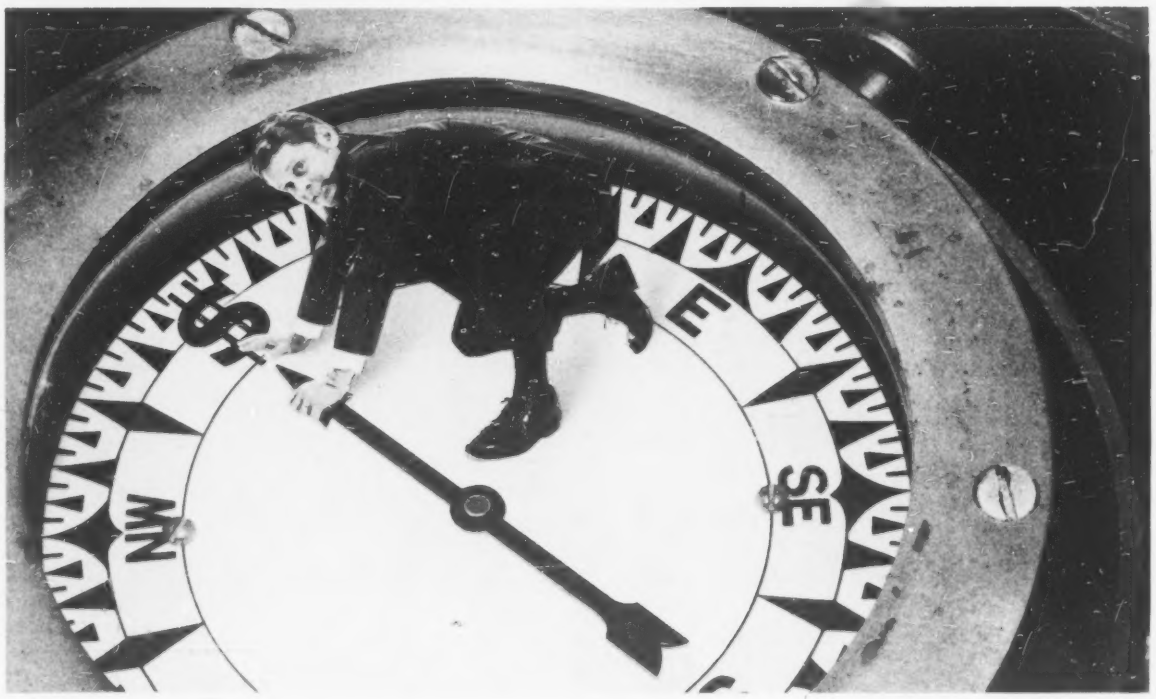

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Mercantile Safe, Md. 28.9
Marine Midland, N.Y. 28.7
First Fidelity Bank, N.J. 28.6
Bankers Life, Iowa 28.5
Merchants National, Ala. 28.5
Irving Trust, N.Y. 28.3
John Hancock (1K), Mass. 28.3
Mellon Bank, Pa. 28.2
Oregon Bank 28.2
Penn Mutual Life, Pa. 27.9
US Natl. of Galveston 27.8
Citytrust, Conn. 27.6
AmSouth, Ala. 27.6
Colorado National Bank 27.6
Continental Bank, Pa. 27.6
First of Warsaw, Ind. 27.6
Cullen Bank, Texas 27.5
Nationwide Life Ins., Ohio 27.5
Natl. Bank of Commerce, Tenn. .. 27.2
Texas Commerce 27.1
Gary Wheaton Bank, Ill. 26.9
Aetna Life & Casualty, Conn. ... 26.8
Mercantile Trust, Mo. 26.7
US Natl. of Oregon 26.7
Minnesota Mutual (C) 26.7
Dauphin Deposit, Pa. 26.7
Landmark Union Trust, Fla. 26.6
First of Chicago 26.5
First Trust St. Paul, Minn. 26.5
Bankers Trust, N.Y. 26.5
Southeast Bank, Fla. 26.4
New Jersey National 26.3
Standard & Poor's 500 ..... **26.3**

5-year returns

	%
Manufacturers Life, Ont.	29.2
Sun Bank, Fla.	26.7
First Union Bank, N.C.	25.6
New England Mutual, Mass.	23.8
First Fidelity Bank, N.J.	23.8
Provident National, Pa.	23.5
Manufacturers Detroit	23.5
First of Oklahoma	22.7
First Variable Life, Ark.	22.6
Lake Shore National, Ill.	22.2
Guardian Insurance, N.Y.	22.0
First Wis. Natl., Madison	21.8
AmSouth, Ala.	21.7
US Natl. of Galveston	21.5
First Interstate of Nevada	21.4
First Interstate of Oregon	21.3
Prudential (Priform), N.J.	21.1
MBank, Fort Worth	20.7
United of Denver	20.6
Midlantic National, N.J.	20.4
Nationwide Life Ins., Ohio	20.4
American Natl., Chicago	20.2
Massachusetts Mutual	20.2
First Trust Corp., Colo.	20.2
MTrust, Texas	20.0
US Natl. of Oregon	20.0
Mutual Benefit, N.J.	19.8
Colorado National Bank	19.8
Dauphin Deposit, Pa.	19.7
IAA Trust Co., Ill.	19.5
Landmark Union Trust, Fla.	19.4
Philadelphia National, Pa.	19.3
Centerre Trust, Mo.	19.1
Confederation Life, Ont.	19.1
Equitable Life (No. 4), N.Y.	19.1
Wheeling Dollar Bank, W. Va.	18.9
First Interstate of Denver	18.9
Texas Commerce	18.9
Natl. Bank of Commerce, Tenn.	18.8
Old Kent, Mich.	18.8
State Street Bank, Mass.	18.7
Gary Wheaton Bank, Ill.	18.7
First Security Natl., Ky.	18.7
Aetna Life & Casualty, Conn.	18.6
Citytrust, Conn.	18.6
Union Central, Ohio	18.4
Security Norstar Bank, N.Y.	18.3
Dominion Trust, Va.	18.3
Bankers Life, Iowa	18.3
Penn Mutual Life (A), Pa.	18.3
First of Warsaw, Ind.	18.2
Minnesota Mutual	18.1
Mercantile Safe, Md.	18.1
Natl. Bank of Commerce, Neb.	18.1
First Natl., Lincoln, Neb.	18.1
First in Bartlesville, Okla.	18.1
First Interstate of Wash.	18.0
Southeast Bank, Fla.	18.0
United Virginia Bank	18.0
Seattle Trust, Wash.	17.9
Fifth Third Bank, Ohio	17.9
Standard & Poor's 500	**16.6**

10-year returns

	%
Manufacturers Life, Ont.	23.9
Guardian Insurance, N.Y.	20.9
First Wis. Natl., Madison	19.2
US Natl. of Galveston	18.5
Citizens Chillicothe, Mo.	18.2
First Trust Corp., Colo.	18.0
First Variable Life, Ark.	18.0
US Natl. of Oregon	17.5
AmSouth, Ala.	16.9
Confederation Life, Ont.	16.8
Bankers Life, Iowa	16.7
Landmark Union Trust, Fla.	16.5
Provident National, Pa.	16.2
Bessemer Trust, N.Y.	16.2
First Union Bank, N.C.	15.8
First of Oklahoma	15.7
First Interstate of Denver	15.5
Aetna Life & Casualty, Conn.	15.4
Nationwide Life Ins., Ohio	15.4
Massachusetts Mutual	15.4
MTrust, Texas	15.3
Natl. Bank of Commerce, Neb.	15.2
First Interstate of Oregon	15.2
MBank, Fort Worth	15.1
First Jersey National, N.J.	15.0
Penn Mutual Life, Pa.	14.9
First Interstate of Wash.	14.7
Wheeling Dollar Bank, W. Va.	14.7
Manufacturers Detroit, Mich.	14.7
Equitable Life (No. 4), N.Y.	14.6
New England Mutual, Mass.	14.6
United of Denver	14.4
Employers Life of Wausau, Wis.	14.3
Fifth Third Bank, Ohio	14.3
Colorado Natl. Bank	14.1
Minnesota Mutual	13.9
Liberty National, Okla.	13.8
Continental Bank, Pa.	13.8
Security Norstar Bank, N.Y.	13.8
Bank of Oklahoma, Tulsa	13.8
Home Life, N.Y.	13.7
Natl. City, Cleveland	13.7
First National, Lincoln, Neb.	13.6
Chicago Title & Trust	13.5
Valley Fidelity, Tenn.	13.5
Pittsburgh National	13.5
Union Central, Ohio	13.3
Unibanctrust, Ill.	13.3
Texas Commerce	13.2
Citytrust, Conn.	13.1
Standard & Poor's 500	**12.7**

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Fixed . . .

Continued from page 33

There is no runaway economy in sight now — we'll just keep bumping along the bottom for . . . maybe another year."

For the second consecutive quarter, the PIPER results show the Commingled Employee Benefits Fixed Income Fund of First Interstate Bank of Nevada, Las Vegas, at the top of the performance ratings for the most recent one-year period.

The $6.9 million fund, managed by First Interstate Investment Advisers, had a return of 45.5% for the 12 months ended June 30. The median fund had an annualized return of 25.8% during the period, while funds in the first quartile earned 29.5% or better, and the Shearson Lehman index gained 28.7%.

Robert M. Lee, president of First Interstate Investment Advisers, said his firm's economists have been looking for lower interest rates since the first half of 1984. As a result, the First Interstate bond fund was invested almost exclusively in 30-year U.S. Treasury securities during the latter part of last year.

During the first half of 1985, the managers liked the equity markets better than the bond markets, and shifted as much as 20% of the assets into convertible securities including both bonds and some preferred stocks, which the portfolio still holds, he said.

Mr. Lee said the First Interstate team is looking for a flat economy for the rest of 1985.

"The basic reason we expected low interest rates was the slow rate of growth of the economy," he said. "We still think the economy will be slow to recover from its current sluggish growth rate. We expect a growth rate of less than 3% for the remainder of the year."

He added interest rates might fall as much as 100 more basis points during the winter months.

For the three-year period ended June 30, the top performing Life of Virginia fund had a compound annual return of 45.5%. The median return for the three-year period was 17.9%, while funds in the top quartile gained 19.2% or more. The Shearson Lehman index advanced 19.1% during the period.

Continued on page 39

Commingled equity funds . . .

Continued from page 33

in "disinflation stocks," or stocks that are economically non-cyclical.

"We don't make bets on undervalued stocks and hope they will be the stocks of next year," he said.

"Our stocks are generally S&P stocks. We have an average p/e and an average beta," said Mr. Gray.

He said the only significant change made to the portfolio was the increased concentration in property and casualty insurance stocks.

Mr. Gray said the insurance, regional banks, food and health care industries also are heavily weighted in the portfolio.

These industries are represented by such stocks as **Ralston Purina Co., Johnson & Johnson, Chubb Corp.** and **Dun & Bradstreet Corp.**

The top fund for the three-, five- and 10-year periods ended June 30 was The Manufacturers Life Insurance Co., Toronto, with returns of 40.9%, 29.2% and 23.9%, respectively.

Donavon McKerchar, assistant investment vice president for the $35 million fund, said the trick to maintaining top results over the long term is to continually move into areas when they become attractive.

"We look at a wide variety of things from IBM down to new stocks," said Mr. McKerchar.

"Our basic approach is to buy stocks that appear to have good value," he said.

Mr. McKerchar said "good value" stocks are cheap compared with their growth and financial characteristics.

When a particular stock, or industry, becomes out of favor, Mr. McKerchar will reduce his position or sell the entire holding.

"We don't feel we have to be represented in every sector of the market. If it's there, but not attractive, there's no reason to own it."

Mr. McKerchar said he recently has reduced his position in some stocks including **Sherwin-Williams Co.** and **United Health Care**.

He also has increased his position in some stocks including **International Business Machines Corp., Union Camp, Sundstrand Corp.,** and **Hewlett-Packard Co.**

The remaining top performers for the three-year period include Sun Bank, 38.8%; First Union National Bank, Charlotte, N.C., 35.6%; First Interstate of Oregon, Portland, 34.3%; and Provident National Bank, Philadelphia, 33.4%.

Sun Banks also ranked second for the five-year period, with a return of 26.7% followed by First Union National Bank, 25.6%; and New England Mutual and First Fidelity Bank, Newark, N.J., both with 23.8%.

Roy Dickover, second vice president in group pension marketing at New England Mutual, said more than one-third of the $30 million Separate Capital Growth account was invested in financial stocks.

He said 19% of the portfolio was invested in insurance stocks and 16.6% was invested in financial services. Health care stocks also represented a major portion of the fund with a 16% weighting.

"The portfolio is concentrated in a relatively small number of stocks in companies with superior growth and earning characteristics," said Mr. Dickover.

"Once the anticipated earnings are achieved, they sell (the stock) and there are no questions," he said.

Some of the stocks in which the fund invests are **American International Group, Marsh & McLennan Cos., Marion Laboratories Inc., H.F. Ahmanson & Co., Squibb Corp.,** and **Upjohn Co.**

Following Manufacturers Life for the 10-year period were Guardian Life Insurance Co. of America, New York, with a return of 20.9%; First Wisconsin National Bank of Madison, 19.2%; U.S. National of Galveston (Texas), 18.5%; and Citizens Bank of Chillicothe, Mo., 18.2%. ■

Fixed . . .

Continued from page 38

The Institutional Bond Fund of Sovran Bank, Richmond, Va., was in the top position for the five-year results, returning 15.8% on a compound annualized basis.

The median rate of return for commingled fixed-income funds tracked by PIPER for the period was 12.3%. Funds in the top quartile returned 13.2%, while the Shearson Lehman index gained 13% during the period.

For the 10 years, the bond fund offered by Fourth National Bank of Wichita and Life of Virginia led the way with compound annualized returns of 13%.

The median performance of all funds for 10 years was 9.8%, and top-quartile funds returned 10.3% or more. The Shearson Lehman index advanced 9.9% during the 10-year period. ■

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We have a specific objective, but intensively manage the portfolio to *exceed* that objective. And usually, we do. Our experience has shown the value of managing securities *themselves* rather than relying on high-risk maturity decisions. Although no one can guarantee future investment performance, we are confident that this method outperforms the key bond indexes *and* produces first quartile results.

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Andy Heiskell

Andy Heiskell is a Senior Vice President of Beacon Asset Incorporated. And the "Accumulation Strategy" he's talking about is just one example of the kind of intelligent management he brings to institutional investment portfolios.

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Pension funds, balance sheets

Company	Total pension benefits $ mil.	Vested benefits $ mil.	Fund assets $ mil.	Vested funding status $ mil. 1984	Vested funding status $ mil. 1983	Assumed rate of return (%) 1984	Assumed rate of return (%) 1983	Net worth $ mil.	1984 vested funding status as percentage of net worth %	Pension assets as percentage of net worth %	Corporate assets $ mil.	Pension assets as percentage of corporate assets %	Pension expense $ mil.	Operating income $ mil.	Pension expense as percentage of adjusted operating income %
Allied Corp.	2,718.0	2,543.0	2,751.0A	208.0	67.4	8.0	8.0	2,747.0	7.6	100.1	8,189.0	33.6	175.0	1,342.0	11.5
Aluminum Co. of Amer.	1,728.8	1,602.1	1,670.5	68.4	79.9	9.8	9.8	3,277.6	2.1	51.0	6,341.9	26.3	161.9	536.6	23.2
Amerada Hess	70.3	66.0	139.4	73.4	58.8	9.0	9.0	2,572.9	2.9	5.4	6,217.4	2.2	1.3	877.3	0.1
American Brands	486.4	457.0	469.9	12.9	-47.9	8.6	8.5	2,139.4	0.6	22.0	4,303.9	10.9	59.3	693.2	7.9
American Cyanamid	638.8	628.4	678.1	49.7	25.0	8.5	8.5	1,668.1	3.0	40.7	3,327.0	20.4	48.1	284.4	14.5
American Home (C)	—	—	—	—	—	—	—	2,082.7	—	—	3,032.6	—	20.8	1,091.5	1.9
American Motors	842.3	726.8	372.9	-353.9	-353.1	7.0	7.0	278.8	-126.9	133.8	1,830.2	20.4	65.4	109.5	37.4
Amoco	1,496.0	1,453.0	1,553.0	100.0	201.0	8.0	8.0	12,524.0	0.8	12.4	25,734.0	6.0	121.0	4,379.0	2.7
Anheuser-Busch	327.6	293.2	497.7	204.5	125.5	8.5	8.5	1,951.0	10.5	25.5	4,524.7	11.0	71.9	754.7	8.7
Archer Daniels	63.2	53.9	73.5	19.6	4.1	8.0	8.0	1,649.9	1.2	4.5	2,592.7	2.8	8.8	168.3	5.0
Armco	1,634.2	1,526.6	1,591.5A	64.9	-179.2	13.5	8.5	923.9	7.0	172.3	3,686.6	43.2	118.7	15.0	88.8
Ashland Oil	277.6	257.1	512.6	255.5	154.1	8.9	10.1	845.9	30.2	60.6	4,036.9	12.7	9.7	174.9	5.3
AT&T Technologies	11,432.9	9,600.9	17,148.3	7,547.4	22,388.4	8.0	9.1	13,762.9	54.8	124.6	39,826.6	43.1	1,043.4	2,294.2	31.3
Atlantic Richfield	1,591.0	1,501.0	2,047.0	546.0	301.0	8.5	8.0	9,740.7	5.6	21.0	22,130.0	9.2	111.0	2,454.0	4.3
Beatrice Foods	502.0	464.0	638.0	174.0	93.0	8.0	8.3/12.3	1,834.0	9.5	34.8	10,379.0	6.1	55.0X	703.0	7.3
Bethlehem Steel	3,327.7	3,212.5	2,358.7	-853.8	-830.0	8/14.25	10.0	932.0	-91.6	253.1	4,387.3	53.8	253.9	-77.8	M
Boeing	2,533.0	2,296.0	3,097.0	801.0	570.0	8.5	8.5	3,699.0	21.7	83.8	8,485.0	36.5	181.0	356.0	33.7
Borden	258.8	247.3	314.7	67.4	11.2	8.3	8.3	1,367.4	4.9	23.0	2,884.1	10.9	10.5X	390.7	2.6
Borg Warner	458.5	436.1	484.7	48.6	34.9	11.0	11.0	1,592.5	3.1	30.4	2,782.8	17.4	54.1	443.5	10.9
Bristol Myers	275.5	244.6	440.7	196.1	131.3	8.5	7.5	2,136.1	9.2	20.6	3,248.6	13.6	30.3	719.8	4.0
Burroughs	524.5	493.6	613.3	119.7	116.8	9.0	8.6	2,297.4	5.2	26.7	4,504.2	13.6	38.9	421.0	8.5
Caterpillar	2,334.0	2,193.0	2,586.0	393.0	174.0	9.0	7.5	2,852.0	13.8	90.7	6,223.0	41.6	84.0	-113.0	M
Champion Int'l.	660.6	600.4	735.2	134.8	114.8	9.0	9.5	2,320.7	5.8	31.7	6,815.4	10.8	29.1	301.9	8.8
Chevron	1,150.0	1,112.0	1,507.0	395.0	402.0	8.0	8.0	14,763.0	2.7	10.2	36,358.0	4.1	98.0	2,138.0	4.4
Chrysler	3,232.7	2,856.1	2,511.4A	-344.7	-946.6	12.7	9.8	3,305.9	-10.4	76.0	9,062.7	27.7	267.3	2,235.1	10.7
Coastal Corp.	91.4	82.1	154.4	72.3	68.1	8.0	8.0	548.2	13.2	28.2	3,295.7	4.7	4.1	276.7	1.5
Coca-Cola Co	235.1	217.6	334.4	116.8	87.6	9.0	9.5	2,778.1	4.2	12.0	5,958.1	5.6	36.0	1,057.5	3.3
Colgate-Palmolive	493.3	467.1	663.3	196.2	132.6	8.5	7.1	1,219.4	16.1	54.4	2,568.3	25.8	21.7	295.2	6.8
Control Data	305.2	296.7	473.5	176.8	157.3	8.0	7.9	1,764.3	10.0	26.8	9,588.9	4.9	24.5	139.5	14.9
CPC Int'l.	256.4	241.6	204.9	-36.7	-0.6	8.0	8.0	1,324.3	-2.8	15.5	2,683.4	7.6	31.0	389.9	7.4
Dart & Kraft	710.7	676.4	1,062.2	385.8	331.2	8.0	8.0	2,598.0	14.8	40.9	5,284.9	20.1	21.5	847.9	2.5
Deere & Co.	1,187.0	1,111.0	1,641.0	530.0	307.0	9.0	9.0	2,290.8	23.1	71.6	5,697.3	28.8	102.0	72.8	58.4
Diamond Shamrock	142.6	138.8	155.4	16.6	-7.7	9.5	8.0	2,450.7	0.7	6.3	5,396.4	2.9	8.2	619.3	1.3
Digital Equipment	158.8	125.7	382.4	256.7	142.3	6.0	6.0	3,979.2	6.5	9.6	5,593.3	6.8	95.5	394.6	19.5
Dow Chemical	1,463.0	1,190.0	1,314.0	124.0	224.0	8.0	8.0	5,062.0	2.4	26.0	11,419.0	11.5	124.0	848.0	12.8
Du Pont	5,754.0	5,631.0	8,359.0	2,728.0	2,665.0	9.4	8.9	11,961.0	22.8	69.9	24,098.0	34.7	449.0	4,509.0	9.1
Eastman Kodak	2,694.0	2,651.0	3,992.0	1,341.0	1,159.0	9.0	9.0	7,137.0	18.8	55.9	10,778.0	37.0	118.0	1,547.0	7.1
Emerson Electric	235.7	212.0	362.8	150.8	142.5	8.8	9.0	1,869.2	8.1	19.4	2,979.6	12.2	32.2	649.0	4.7
Exxon	2,909.0	2,773.0	4,926.0	2,153.0	1,580.0	10.0	8.3	28,851.0	7.5	17.1	62,288.6	7.9	557.0X	9,792.0	5.4
Firestone Tire & Rubber	879.0	830.0	1,019.0	189.0	273.0	11.0	11.9	1,236.0	15.3	82.4	2,571.0	39.6	17.0	86.0	16.5
Ford Motor	10,720.0	8,770.0	8,550.0	-220.0	760.0	8.0	8.0	9,837.7	-2.2	86.9	27,485.6	31.1	515.9	3,422.2	13.1
General Dynamics	1,362.7	1,264.0	1,643.1	379.1	148.1	7.0	7.0	1,062.1	35.7	154.7	3,034.8	54.1	96.8	663.3	12.7
General Electric	9,040.0	8,331.0	11,695.0	3,364.0	2,233.0	13.4	7.5	12,573.0	26.8	93.0	24,730.0	47.3	603.0	2,845.0	17.5
General Foods	912.6	860.0	1,423.7	563.7	243.2	7.5	6.5	2,040.2	27.6	69.8	4,431.8	32.1	80.6	632.1	11.3
General Mills	327.0	296.0	429.0	133.0	105.0	9.5	10.0	1,224.6	10.9	35.0	2,858.1	15.0	36.9	452.4	7.5
General Motors	22,030.4	20,216.2	19,457.3	-758.9	-111.5	10.3	9.0	23,958.7	-3.2	81.2	52,144.9	37.3	1,618.4	4,700.0	25.6
Georgia-Pacific	277.0	252.0	295.0	43.0	48.0	7.5	6.7	2,007.0	2.1	14.7	4,785.0	6.2	26.0	533.0	4.7
Goodyear Tire	1,733.7	1,607.2	1,917.1	309.0	281.5	8.5	8.5	3,171.3	9.8	60.5	6,194.3	30.9	91.0	763.1	10.7
Grace (W.R.)	256.1	241.5	434.4	192.9	179.8	7.1	6.5	2,187.1	8.8	19.9	5,328.0	8.2	19.1	440.1	4.2
Gulf & Western	286.8	271.5	364.1	92.6	69.0	10.0	10.0	1,836.5	5.0	19.8	4,148.6	8.8	30.7	283.3	9.8

Definitions

Total pension benefits:
The actuarial present value of benefits promised to all past and present employees based on service already performed.

Vested benefits:
The present value of all benefits accrued by employees who have worked long enough with the company to have a legal right to the benefits.

Fund assets:
The market value of the assets that have been set aside to fund pension benefit payments.

Vested funding status:
Fund assets minus vested benefits. Overfunded plans have a positive status; plans with an unfunded vested liability have a negative status.

Assumed rate of return:
The weighted average interest rate the company's actuary uses in deriving the present value of total pension benefits.

Net worth:
The amount of equity available for stockholders as shown on the company's balance sheet.

Adjusted operating income:
Operating income plus pension expense.

and income statements: 1984 (See related story — page 3)

Company	Total pension benefits $ mil.	Vested benefits $ mil.	Fund assets $ mil.	Vested funding status $ mil. 1984	Vested funding status $ mil. 1983	Assumed rate of return (%) 1984	Assumed rate of return (%) 1983	Net worth $ mil.	1984 vested funding status as percentage of net worth %	Pension assets as percentage of net worth %	Corporate assets $ mil.	Pension assets as percentage of corporate assets %	Pension expense $ mil.	Operating income $ mil.	Pension expense as percentage of adjusted operating income %
Heinz (H.J.)	199.4	169.6	229.3	59.7	43.9	9.0	9.0	1,114.9	5.4	20.6	2,343.0	9.8	35.3	454.1	7.2
Hewlett-Packard	603.0	447.0	748.0	301.0	273.0	9.0	9.0	3,545.0	8.5	21.1	5,153.0	14.5	107.0	860.0	11.1
Honeywell	1,088.2	929.0	1,128.1	199.1	265.1	8.0/14.8	8.0	2,380.9	8.4	47.4	4,759.8	23.7	84.5	454.9	15.7
IC Industries	374.9	342.6	429.2	86.6	26.6	8.0	8.0	1,477.4	5.9	29.1	4,840.2	8.9	27.0X	328.2	7.6
Int'l. Bus. Machines	7,296.0	7,016.0	11,444.0	4,428.0	3,234.0	7.5	5.5	26,489.0	16.7	43.2	42,808.0	26.7	1,096.0	11,231.0	8.9
Int'l. Harvester	2,235.0	2,118.0	1,130.0	−988.0	−943.0	7.0/15.6	7.0/15.6	−624.2	158.3	−181.0	3,248.9	34.8	151.0	178.1	45.9
Int'l. Paper	859.0	814.0	1,037.0	223.0	294.0	8.0	8.0	3,298.0	6.8	31.4	5,795.1	17.9	21.0	254.8	7.6
ITT	1,882.8	1,721.0	2,067.2	346.2	254.5	9.0	9.0	5,414.5	6.4	38.2	13,277.2	15.6	192.0	660.3	22.5
Johnson & Johnson	309.4	283.0	567.9	284.9	230.0	8.3	8.3	2,932.0	9.7	19.4	4,541.4	12.5	57.4	745.5	7.1
Litton Ind.	733.0	715.0	NA	NA	NA	7.0	7.0	2,004.8	NA	NA	4,379.9	NA	30.3	381.4	7.4
Lockheed Corp.	2,389.0	2,291.0	3,137.0	846.0	801.0	8.5	8.4	1,138.4	74.3	275.6	3,165.6	99.1	166.0	649.5	20.4
LTV	3,433.1	3,173.3	2,936.9	−236.4	−215.7	10.0	10.0	1,072.6	−22.0	273.8	6,926.0	42.4	163.1	−197.6	M
Martin Marietta	810.0	732.0	1,093.0	361.0	490.7	4.0/10.5	4.0/9.5	511.1	70.6	213.9	2,224.3	49.1	77.2	286.3	21.2
McDonnell Douglas	2,004.2	1,760.8	3,016.8	1,256.0	856.9	8.0	8.0	2,343.8	53.6	128.7	6,191.3	48.7	160.4X	337.2	32.2
3M	896.0	708.0	1,214.0	506.0	366.0	8.0	8.0	3,814.0	13.3	31.8	6,094.0	19.9	119.0X	1,286.0	8.5
Mobil	2,327.0	2,266.0	3,155.0	889.0	321.0	9.0	6.0	13,624.0	6.5	23.2	41,851.0	7.5	229.0	852.0	21.2
Monsanto	1,738.0	1,554.0	2,074.0	520.0	495.0	7.5	7.5	3,634.0	14.3	57.1	6,373.0	32.5	116.0	677.0	14.6
Motorola	133.0	109.0	273.0	164.0	143.0	7.0	7.0	2,278.0	7.2	12.0	4,194.0	6.5	11.0	500.0	2.2
Nabisco Brands	492.1	449.2	476.3	27.1	16.2	9.0/12.8	9.0	1,542.1	1.8	30.9	3,761.2	12.7	72.1	579.0	11.1
NCR	533.2	510.1	645.8	135.7	132.1	8.5	8.5	2,075.8	6.5	31.1	3,589.1	18.0	48.9	523.1	8.5
North Amer. Phillip	317.2	281.7	599.1	317.4	214.0	9.0	7.5	986.8	32.2	60.7	2,517.6	23.8	33.1	265.5	11.1
Occidental Petroleum	133.7	130.3	156.1	25.8	76.3	8.0	8.0	2,568.6	1.0	6.1	12,273.1	1.3	4.0	1,536.1	0.3
Pepsico	346.1	268.8	433.4	164.6	126.3	7.0	7.0	1,853.4	8.9	23.4	4,950.2	8.8	43.4	695.2	5.9
Pfizer*	342.5	320.7	416.7	98.0	63.4	9.8	9.3	2,484.5	3.9	16.9	4,047.1	10.3	46.0	833.5	5.2
Philip Morris	537.7	453.7	745.1	291.4	225.9	7.5	7.5	4,092.9	7.1	18.2	9,339.2	8.0	96.3X	2,153.8	4.3
Phillips Petroleum	816.0	770.0	1,487.0	717.0	579.0	7.5/8.0	7.5/8.0	6,624.0	10.8	22.4	16,965.0	8.8	8.0	2,160.0	0.4
Pillsbury	183.5	160.3	251.1	90.8	116.4	8/15.25	8/15.25	1,046.2	8.7	24.0	2,608.3	9.6	13.2	347.9	3.7
PPG Industries	710.9	664.4	808.0	143.6	167.0	9.0	9.0	2,015.1	7.1	40.1	3,796.7	21.3	47.0	539.7	8.0
Procter & Gamble (B)	——	——	——	——	——	——	——	5,080.0	——	——	8,135.0	——	——	1,387.0	——
R.J. Reynolds Inds.	914.0	759.0	1,179.0	420.0	308.0	8.0	8.0	4,478.0	9.4	26.3	9,272.0	12.7	69.0	1,619.0	4.1
Ralston Purina	191.5	170.1	399.6	229.5	132.0	8.0	6.0	997.5	23.0	40.1	2,004.2	19.9	10.7	512.7	2.0
Raytheon Co.	892.6	816.9	1,045.8	228.9	152.9	7.0	7.0	1,979.2	11.6	52.8	3,600.1	29.0	78.2	419.0	15.7
Rockwell Int'l.	3,256.0	2,846.0	4,076.0	1,230.0	694.0	8.0	7.0	2,494.7	49.3	163.4	5,869.5	69.4	165.7	798.3	17.2
Sara Lee Corp.	188.6	152.2	213.2	61.0	17.3	7.0	7.0	956.9	6.4	22.3	2,821.8	7.6	29.6	344.7	7.9
Shell Oil	1,632.0	1,455.0	2,047.0	592.0	805.0	9.5	9.0	12,512.0	4.7	16.4	23,709.0	8.6	142.0	2,991.0	4.5
Signal Cos.	483.0	429.0	872.0	443.0	202.0	11.5	7.5	2,693.0	16.5	32.4	5,511.0	15.8	66.0	330.0	16.7
Sperry Corp.	945.9	873.9	1,258.9	385.0	325.2	8.0	8.0	2,802.9	13.7	44.9	5,502.6	22.9	77.4	434.1	15.1
Std. Oil (Ohio)	829.0	764.0	1,124.0	360.0	166.0	8.0/13.0	8.0	8,390.0	4.3	13.4	17,487.0	6.4	60.0	2,948.0	2.0
Sun Company	946.0	870.0	1,274.0	404.0	331.0	9.5	9.0	5,210.4	7.8	24.5	12,789.0	10.0	58.0	1,342.0	4.1
Tenneco	867.0	782.0	1,043.0	261.0	194.0	7.6	7.6	6,153.0	4.2	17.0	18,205.0	5.7	94.0	1,538.0	5.8
Texaco	1,411.0	1,263.0	1,977.0	714.0	510.0	8.2	9.4	13,107.0	5.4	15.1	37,744.0	5.2	209.0	2,966.0	6.6
Texas Instruments	295.1	265.7	541.1	275.4	194.2	6.0	6.0	1,540.5	17.9	35.1	3,423.4	15.8	57.4	525.8	9.8
TRW Inc.	1,067.8	985.2	1,377.9	392.7	424.0	8.5	8.5	1,721.8	22.8	80.0	3,480.6	39.6	111.3	482.7	18.7
U.S. Steel	7,789.0	7,396.0	8,185.0	789.0	1,917.0	9.0	10.0	4,862.0	16.2	168.3	18,989.0	43.1	53.0	1,566.0	3.3
Union Carbide	1,672.0	1,544.0	2,436.0	892.0	824.0	9.0	9.5	4,924.0	18.1	49.5	10,518.0	23.2	171.0	813.0	17.4
United Technologies	2,779.2	2,596.3	3,767.6	1,171.3	1,062.1	7.9	7.9	3,642.1	32.2	103.4	9,904.5	38.0	224.9	1,015.8	18.1
Unocal	696.7	668.1	855.9	187.8	180.1	7.0	7.0	5,694.3	3.3	15.0	10,202.8	8.4	55.0	1,370.5	3.9
Westinghouse	3,396.5	3,020.3	3,162.2	141.9	256.3	8.3/12.3	8.3/12.3	3,740.8	3.8	84.5	9,150.4	34.6	120.0	610.0	16.4
Weyerhaeuser	491.9	471.9	571.8	99.9	115.6	9.5	9.5	2,808.8	3.6	20.4	5,957.7	9.6	42.0	463.9	8.3
Xerox Corp.	1,210.9	1,205.6	1,296.7	91.1	78.7	8.0	8.0	4,083.7	2.2	31.8	9,537.1	13.6	149.6	676.2	18.1

Operating income:
Income derived from actual operations of the company.

Pension expense:
The amount charged against income to fund benefit payments in a given year.

Corporate assets:
The value of all corporate assets, as shown on the balance sheet.

Vested funding status as a percentage of net worth:
A comparison of the vested funding status, either positive or negative, to a company's net worth.

NOTES:
A — Includes assets the company owes but has not contributed to the plan.
B — Procter & Gamble has a profit sharing plan and no defined benefit plan.
C — American Home Products' entire plan is insured with Metropolitan Life.
M — Pension statistics as percentages of either a negative net income or negative operating profit are meaningless.
X — Includes Canadian or overseas plans.
* — Agway has been withdrawn from this list. Pfizer was substituted.

Benefit plan information presented here is as reported by the company from the most current annual report.
Source: Wright Investors' Service, Bridgeport, Conn.

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HOMER W. WHITMAN, JR.
VICE PRESIDENT
Montag & Caldwell
Incorporated/Investment Counselors
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Atlanta, Georgia 30363
404/262-3480

Money managers' addendum

The following is an addendum to the 12th annual directory of money managers that ran May 6.

AEI

4550 Montgomery Ave., Suite 803N, Bethesda, Md. 20814; (301) 657-9700

Total assets managed	$0
Minimum separate account	$10,000,000
No. of portfolio managers	2
Size of research staff	2

AEI offers fixed-income and international capabilities. Its fixed-income approach is based on interest rate anticipation. The approach balances liquidity and return objectives with explicit risk management with scenario forecasting and efficient frontier asset allocation.

Hugo J.H. Schielke, chairman, is the chief investment officer; George P. Stasen, president, is the client contact.

Allegheny Financial Group

403 McKnight Park Drive, Pittsburgh, Pa. 15237; (412) 367-3880

Total assets managed	$21,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Fully discretionary	$3,000,000
International assets managed	$340,000
Real estate assets managed	$15,000,000
Minimum separate account	250,000
Tax-exempt clients	20
Types of accounts managed	CF
No. of portfolio managers	5
Size of research staff	3

Allegheny Financial Group Ltd. has equity, fixed-income, balanced, real estate and international capabilities.

Its equity approach identifies the top money managers by specialty. Plan assets are diversified among managers of large- or small-capitalization stocks and managers with value or growth orientation.

Its fixed-income approach seeks opportunities by securing mortgages, often with equity kickers, and uses mortgage-backed securities. Bond managers also are used.

Real estate is diversified geographically and among asset types: shopping centers, apartment complexes and office buildings. The firm invests primarily in seasoned projects acquired from owner-developer.

The tax-exempt asset mix as of Jan. 1 was 44.05% stocks, 14.99% bonds, 19.32% cash, 6.54% equity real estate, 10.57% mortgages and 4.53% mortgage-backed securities.

Roger C. Gibson, vice president-tax-exempt assets, is the chief investment officer. Philip M. Gallagher, vice president, is the client contact.

American Asset Management Co.

1500 Central National Bank Bldg., Cleveland, Ohio 44114; (216) 781-8899

Total assets managed	$77,000,000
Tax-exempt assets managed:	
Total	$38,000,000
Fully discretionary	$30,000,000
Real estate assets managed	$3,000,000
Minimum separate account	$500,000
Tax-exempt clients	28
Types of accounts managed	CEF
No. of portfolio managers	3

American Asset Management Co. offers equity, fixed-income and balanced management.

Equity portfolios generally have high-quality securities, selective diversification, low p/e ratios, above-average yields earnings visibility and high asset values.

Its fixed-income approach is conservative, with purchases limited to securities with maturities of 10 years or less.

The tax-exempt asset mix as of Jan. 1 was 60% stocks, 25% bonds and 15% cash.

Clients include Cleveland Electric Illuminating, Ogelbay Norton and Banner Industries.

James E. Difiore, executive vice president, is the chief investment officer. Joseph H. Thomas, president, is the client contact.

Beacon Asset Inc.

28 State St., Boston, Mass. 02019; (617) 722-6554

Total assets managed	$961,000,000
Tax-exempt assets managed:	
Total	$834,000,000
Fully discretionary	$834,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	470
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	4

Beacon Asset Inc. has equity, fixed-income, balanced and venture capital capabilities.

Its equity strategy combines low p/e, sector rotation and contrarian approaches. Valuepath, a disciplined approach to equity management, uses a large-capitalization universe with above-market yield and below-market p/e. Its computer-driven models allow the firm to analyze and identify undervalued stocks and to structure those issues in diversified, value-oriented portfolios.

The fixed-income approach emphasizes sector analysis and specific return minimum objectives. The firm's accumulation strategy focuses on a passive objective (specific maturity or specific return objective) while maintaining a very active management style through opportunistic trading.

The asset mix as of Jan. 1 was 55% stocks and 45% bonds.

The minimum size for fixed-income accounts is $5 million.

Eighty percent of research is generated internally; the firm uses options.

Clients include Foxboro; Reed & Barton; Medford Retirement System; and L.G. Balfour Foundation.

Richard V. Howe, vice president and officer-in-charge, is chief investment officer for equities. Andrew L. Heiskell, senior vice president and officer-in-charge, is chief investment officer for fixed income and trading. Robert E. Everett, vice president, is the client contact.

Beacon Capital Management

2 World Trade Center, Suite 8546, New York, N.Y. 10048; (212) 912-6900

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$600,000,000
Commingled accounts	$139,000,000
Separate accounts	$461,000,000
Fully discretionary	$600,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	15
Types of accounts managed	CEFJ
No. of portfolio managers	5
Size of research staff	5

Beacon Capital Management has equity, fixed-income and balanced capabilities. Its equity approach uses market timing. Beacon emphasizes preservation of capital as well as growth. It specializes in fundamental market timing and 'value plus' stock selection.

Its fixed-income approach uses interest rate anticipation. Portfolio duration is matched to the optimal expected returns derived from anticipated shifts in the yield curve.

The tax-exempt asset mix as of Jan. 1 was 45% stocks, 35% bonds and 20% cash.

As of Jan. 1, the firm had a net gain of $25 million in new tax-exempt business. One-half of the research is generated internally. It uses stock index futures.

Samson Wang, president, is chief investment officer. Frederick Graef, vice president, is client contact.

William Blair & Co.

135 S. LaSalle St., Chicago, Ill. 60603; (312) 236-1600

Total assets managed	$1,153,000,000
Tax-exempt assets managed:	
Total	$346,000,000
Fully discretionary	$177,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	78
Types of accounts managed	CEF
No. of portfolio managers	10
Size of research staff	10

William Blair & Co. is an equity manager. Depending on objectives, its equity accounts typically are a mixture of established and emerging growth stocks.

The firm has a real estate department that specializes in financing commercial developments.

The asset mix Jan. 1 was 70% stocks, 18% bonds and 12% cash.

It follows 200 stocks closely and 400 generally; 60% to 70% of the research is generated internally. The firm makes limited use of options.

Conrad Fischer, partner, is the chief investment officer. John K. Greene, partner, is the client contact.

California First Capital Management

P.O. Box 8489, La Jolla, Calif. 92037; (619) 454-3235

Total assets managed	$85,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Fully discretionary	$85,000,000
Minimum separate account	$5,000,000
Tax-exempt clients:	
Commingled	2
Separate	7
Types of accounts managed	C
No. of portfolio managers	3
Size of research staff	2

California First Capital Management is an equity manager. Small to medium emerging growth stocks are used in its bottom-up approach.

The firm follows 50 stocks closely. It generates 20% of its research internally.

Clients include, Pacific Ltg., Intel Corp., Continental Airlines and Home Federal.

William Jeffery III, president, is the chief investment officer and the client contact.

Capitol Bank and Trust Co.

1 Bulfinch Place, Boston, Mass. 02114; (617) 723-5300

Total assets managed	$98,000,000
Tax-exempt assets managed:	
Total	$97,000,000

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Fully discretionary	$97,000,000
International assets managed	$4,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
No. of portfolio managers	2
Size of research staff	2

Capitol Bank and Trust Co. has equity, fixed-income, balanced and international capabilities.

It employs Graham & Dodd analysis and market timing in its equity approach. Stressing asset valuation, the firm selects stocks that benefit from secular trends, i.e. bank, insurance and utility stocks during disinflation; energy, natural resource and technology stocks during inflation.

Interest rate anticipation and sector analysis are used for fixed-income management. Active management; major maturity, coupon, credit quality and other sector swaps in anticipation of secular changes; minor adjustments in anticipation of cyclical changes.

The tax-exempt asset mix as of Jan. 1 was 20% stocks, 75% bonds and 5% cash.

The net gain in new tax-exempt business for 1984 was $25 million; three tax-exempt clients were added.

The bank watches 20 stocks closely and 60 generally. Half of the bank's research is generated internally.

State-Boston Retirement System is one of the bank's clients.

G. Peter Grote, vice president and senior trust officer, is the chief investment officer; Virginia O'Brien is the client contact.

Centerre Bank of Kansas City

900 Walnut, P.O. Box 666, Kansas City, Mo. 64141; (816) 474-6211

Total assets managed	$357,000,000
Tax-exempt assets managed:	
Total	$103,000,000
Fully discretionary	$103,000,000
Minimum separate account	$1,000,000
No. of portfolio managers	2
Size of research staff	7

Centerre Bank has equity, fixed-income and balanced capabilities.

Ronald Conus, vice president, is the chief investment officer. Jennifer Nicholson, vice president, is the client contact.

Chittenden Bank Trust & Investment Division

P.O. Box 820, Burlington, Vt. 05402; (802) 658-4000, ext. 436

Total assets managed	$328,000,000
Tax-exempt assets managed:	
Total	$47,000,000
Fully discretionary	$44,000,000
Tax-exempt clients:	
Commingled	75
Separate	25
Types of accounts managed	CEJ
No. of portfolio managers	2
Size of research staff	1

The Chittenden Bank has equity, fixed-income and balanced capabilities. Its equity approach has a growth stock orientation, influenced by stock selection and asset allocation decisions.

Its fixed-income approach primarily is concerned with major anticipated changes in interest rates, and not relatively short-term trading opportunities.

The mix of the tax-exempt assets Jan. 1 was 50% stocks, 45% bonds and 5% cash.

For 1984, the bank had a net gain of $7 million in tax-exempt business. Stock options are used.

It follows 75 stocks closely, and 150 generally; 15% of the research is generated internally.

Clients include G.S. Blodgett Inc.

Robert A. Bose is vice president and chief investment officer. Anne Beverly, assistant vice president and employee benefits officer, is the client contact.

Corbyn Associates Inc.

Suite 330, The Quadrangle, Village of Cross Keys, Baltimore, Md. 21210; (301) 532-8600

Total assets managed	$130,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Fully discretionary	$85,000,000
Minimum separate account	$100,000
Tax-exempt clients	180
Types of accounts managed	CEF
No. of portfolio managers	3
Size of research staff	3

Corbyn Associates Inc. is an equity manager. Its approach uses low p/e stock, Graham & Dodd analysis. It is value-oriented with a foundation of modified contrary opinion. The emphasis is on the inefficient sector and special situations. Technical analysis plays a supplemental role in setting strategy.

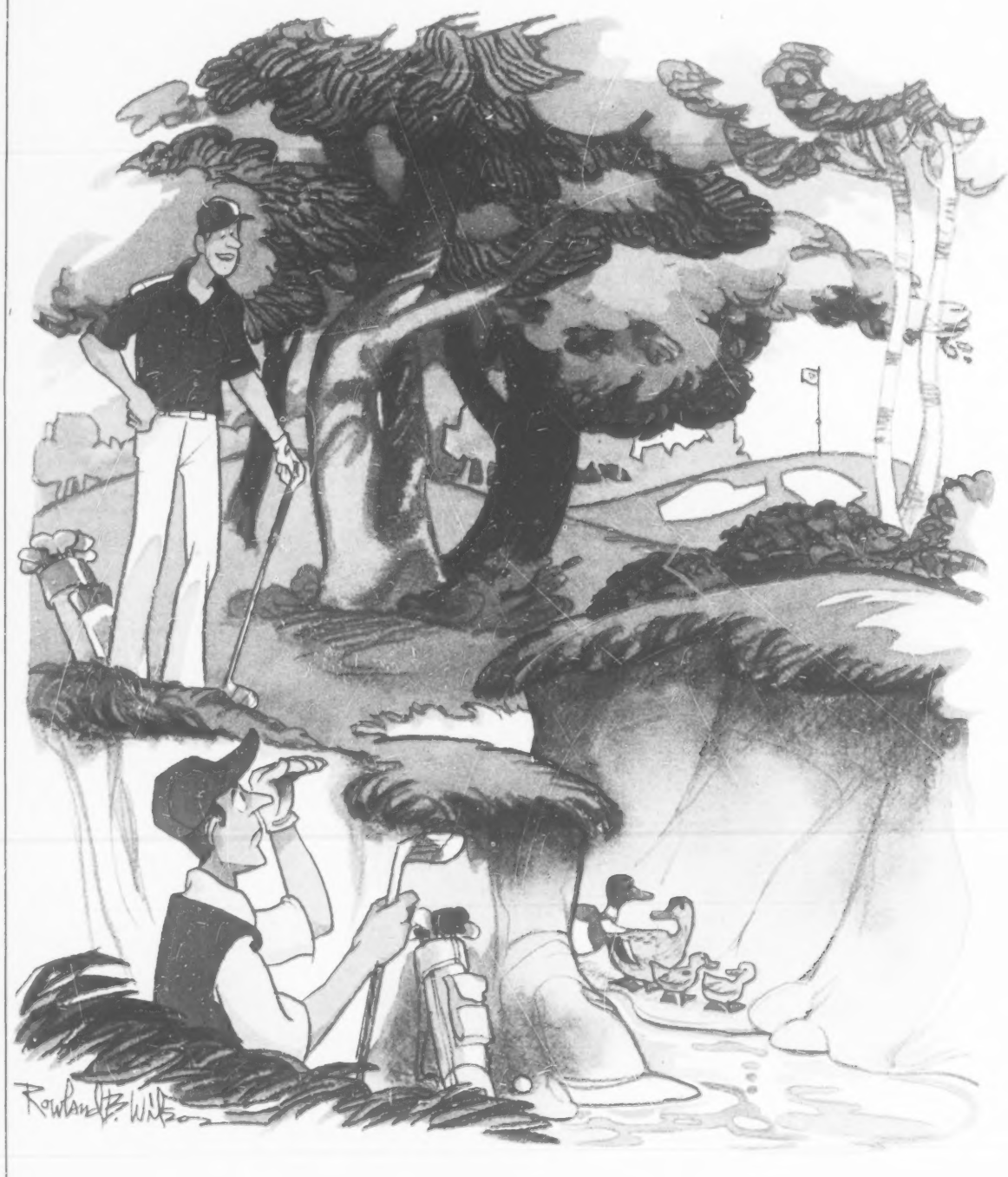
The mix of the tax-exempt assets Jan. 1 was 50% stocks, 25% bonds and 25% cash.

It follows 50 stocks closely and 2,000 generally; 30% of the research is generated internally.

Clients include Saint Joseph Hospital, Greater Baltimore Medical Center, Bon Secours Hospital and French

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State and local gov'ts.
J: Jointly trusteed funds



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Daniel R. Long III, director of research and portfolio management, is the chief investment officer. Richard Hynson Jr., vice president, is the client contact.

Cramer Rosenthal McGlynn

111 Broadway, New York, N.Y. 10006; (212) 608-6360

Total assets managed	$125,000,000
Tax-exempt assets managed:	
Total	$30,000,000
Fully discretionary	$30,000,000
Minimum separate account	$1,000,000
No. of portfolio managers	2
Size of research staff	1

Cramer Rosenthal McGlynn Inc. had equity and fixed-income capabilities.

The firm identifies economic and sociological trends, combining these with a search for a favorable relationship between risk and reward for specific securities. Its investment decisions are based on four major variables — earnings momentum, institutional ownership and sponsorship, relative strength and traditional Wall Street valuation methods.

The framework is conservative because it places little emphasis on accurately forecasting the states of the economy, industry and company. The approach favors securities that while having great potential reward have relatively low risk.

The mix of the tax-exempt assets Jan. 1 was 60% stock and 40% bonds.

Gerald Cramer, chairman is the chief investment officer; Ronald McGlynn, president, is the client contact.

Cullen Center Bank & Trust

P.O. Box 1315, Houston, Texas 77251; (713) 652-7862

Total assets managed	$145,000,000
Tax-exempt assets managed:	
Total	$84,000,000
Fully discretionary	$79,000,000
Real estate assets managed	$4,600,000
International assets managed	$37,000
Minimum separate account	$100,000
Tax-exempt clients	26
Types of accounts managed	C
No. of portfolio managers	2
Size of research staff	2

Cullen Center Bank & Trust has equity, fixed-income and balanced capabilities. As an equity manager, it selects stocks that are relatively undervalued according to multiple quantitative models.

For fixed-income, its primary strategy is to anticipate major rate cycles; a secondary tactic is to exploit sector, maturity and quality market inefficiencies.

As of Jan. 1, the mix of tax-exempt assets was 43% stocks, 32% bonds, 19% cash, 5% equity real estate and 1% mortgages.

The bank follows 40 stocks closely and 100 generally. It generates 15% of its research internally.

Clients include, Quintana Petroleum, S.A.M. Office Supply and Intermedco.

Robert B. McAshan III, senior vice president and senior trust investment officer, is the chief investment officer.

Delafield, Harvey, Tabell Inc.

909 State Road, Princeton, N.J. 08540; (609) 924-9660

Total assets managed	$250,000,000
Tax-exempt assets managed	
Total	$66,000,000
Fully discretionary	$41,000,000
Minimum separate account	$500,000
Tax-exempt clients	39
Types of accounts managed	CEF
No. of portfolio managers	5
Size of research staff	5

Delafield, Harvey, Tabell Inc. is an equity and balanced manager. It uses a blend of technical and fundamental analysis as a means of isolating those market segments most attractive for investment, with a bias toward low p/e, moderate-yield stocks.

Maturin L. Delafield and Ashton Harvey, managing directors, are the chief investment officers. Joseph A. Gallagher, vice president, is the client contact.

First National Bank of Mercy County

Hermitage Square, Hermitage, Pa. 16148; (412) 981-6000

Total assets managed	$70,000,000
Tax-exempt assets managed	
Total	$20,000,000
Fully discretionary	$20,000,000
Minimum separate account	$50,000
Types of accounts managed	CEFGJ
No. of portfolio managers	2

First National Bank of Mercy County has equity, fixed-income and balanced capabilities.

Its equity approach uses growth stock, low p/e stock and sector rotation. It is a value-oriented approach, using technical computer models, dividend deposit earnings, momentum and relative strength.

The fixed-income approach attempts to forecast interest rates. Corporate and government agency securities are used.

As of Jan. 1, the mix of tax-exempt assets under management by First National Bank of Mercy County was 40% stocks, 50% bonds and 10% cash.

The bank uses options. It follows 175 stocks closely and 300 generally.

Michael Hephner, vice president-trust investment officer, is the chief investment officer. Colin Appleton, vice president-trust investment officer, is the client contact.

First Wisconsin Trust Co.

777 E. Wisconsin Ave., Milwaukee, Wis. 53201; (414) 765-5218

Total assets managed	$2,430,000,000
Tax-exempt assets managed	
Total	$1,329,000,000
Fully discretionary	$1,329,000,000
Real estate assets managed	$5,800,000
Minimum separate account	$1,000,000
Tax-exempt clients	
Commingled	548
Separate	98
Types of accounts managed	CEFGJ
No. of portfolio managers	10
Size of research staff	4

First Wisconsin Trust Co. has equity, fixed-income, balanced, real estate and immunization/dedication capabilities.

Stressing emerging growth stocks in its equity approach, valuation models are used to identify opportunities in the market. The models include relating return on investment to market prices. A dividend discount model and relative historical price-earnings ratios also are used.

Interest rate anticipation is used in the fixed-income approach, with immunization, dedication and contingent immunization offered. Cash reserves range between 0 and 50%. Average weighted maturity ranges between two and nine years. Sectors are emphasized or de-emphasized given yield spread analysis.

The main objective in the bank's real estate approach is to have a diversified portfolio managed to provide a stable income stream and long-term asset growth.

The tax-exempt asset mix Jan. 1 was 40% stocks, 50% bonds and 10% cash.

The bank follows 200 stocks closely and 350 generally. Half of its research is generated in-house. The minimum account size for balanced accounts is $2 million.

Clients include Briggs and Stratton, Dayton Hudson, Wisconsin Power & Light and Wisconsin Telephone.

Marvin R. Swentkofske is first vice president and chief investment officer. Anthony M. Rood is the client contact.

Fourth National Bank and Trust Co.

100 N. Broadway, P.O. Box 4, Wichita, Kan. 67201; (316) 261-4563

Total assets managed	$755,000,000
Tax-exempt assets managed	
Total	$413,000,000
Fully discretionary	$398,000,000
Real estate assets managed	$1,500,000
Minimum separate account	$500,000
Tax-exempt clients	
Commingled	173
Separate	127
Types of accounts managed	CEFGJ
No. of portfolio managers	7
Size of research staff	3

The Fourth National Bank and Trust Co. offers equity, fixed-income and balanced capabilities.

Its equity approach emphasizes value. Using a dividend discount model, it ranks equities in its research universe of 300 companies. Sector allocations are developed from the bank's economic forecast and portfolios have specified risk and diversification parameters.

Its fixed-income approach is dictated by interest rate anticipation developed from the bank's economic forecast. Addititionally, emphasis is placed on yield spread relationships to enhance selection by sector, quality and coupon.

The tax-exempt asset mix Jan. 1 was 37% stocks, 36% bonds and 27% cash.

Fourth National follows 300 stocks closely; 10% of research is generated internally.

Clients include Cessna Aircraft, Wichita City Employees, Wichita State University and Wesley Medical Endowment Foundation.

Gary E. Hippenstiel, vice president and manager-securities management development, is the chief investment officer and the client contact.

Grantham, Mayo, Van Otterloo & Co.

125 High St., Boston, Mass. 02110; (617) 574-4817

Total assets managed	$1,330,000,000
Tax-exempt assets managed	
Total	$1,182,000,000
Fully discretionary	$1,182,000,000
International assets managed	$507,000,000
Minimum separate account	$25,000,000
Tax-exempt clients	40
Types of accounts managed	CEF
No. of portfolio managers	4

Grantham, Mayo, Van Otterloo & Co. has equity and international capabilities.

For equities, the firm uses a rigorous value approach stressing low p/e ratios, low price to book ratios, high yield and best present value. It weights countries according to their relative cheapness.

The tax-exempt asset mix for international accounts as of Jan. 1 was 98% stocks and 2% cash; for domestic accounts, it was 70% stocks and 30% bonds.

In 1984, the firm had a net gain of $99.3 million in tax-exempt business, all for international equities.

Clients include Corning Glass, The Common Fund, Scott Paper and IMF.

The partners are the chief investment officers; Eyk Van Otterloo is the client contact.

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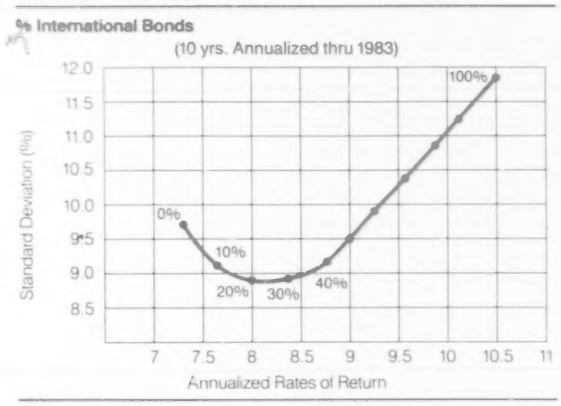

Source: InterSec Research Corp.

Jay A. Dirnberger, Managing Director
JULIUS BAER INVESTMENT MANAGEMENT INC.

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Hambro International Venture Fund

17 E. 71st St., New York, N.Y. 10021; (212) 288-7778

Total assets committed	$60,000,000
Tax-exempt assets committed	$39,000,000
Tax-exempt limited partners	24

Hambro International Venture Fund, an affiliate of London's Hambro Bank, was founded in 1982.

It invests in a wide range of situations from start-ups to leveraged buyouts. It also seeks diversity by deploying capital in mature technology areas.

Industry preferences include electronics/computer related, telecommunications, software, medical products and services, consumer electronics, broadcasting and publishing.

The firm also has an office in Boston at (617) 722-7055.

The principals are Edwin A. Goodman, Arthur C. Spinner, Anders K. Brag, Robert S. Sherman and Richard A. D'Amore.

Harris Bretall Sullivan & Smith Inc.

1 Post St., Suite 2300, San Francisco, Calif. 94104; (415) 391-8040

Total assets managed	$900,000,000
Tax-exempt assets managed	
Total	$800,000,000
Fully discretionary	$800,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	
Commingled accounts	2
Separate accounts	35
Types of accounts managed	CEFGJ
No. of portfolio managers	5
Size of research staff	1

Harris Bretall Sullivan & Smith has equity, fixed-income and balanced capabilities.

Its uses sector rotation and quantitative analysis in its equity approach. The firm employs a quantitative valuation model to determine attractiveness of stocks generally. Using a universe of high-quality companies, the firm builds its portfolios around stocks in the most appealing economic sectors. If the market appears overvalued, it raises cash.

Its fixed-income approach uses interest rate anticipation. It is an extension of the firm's equity management style in that the trend of interest rates is a vital component of its quantitative modeling work.

The mix of the tax-exempt assets Jan. 1 was 90% stocks and 10% bonds for equity accounts. Balanced accounts were 60% stocks and 40% bonds.

In 1984, the firm had a net gain of $560 million in tax-exempt business; it added 10 clients.

It follows 220 stocks closely and 300 generally; 60% of the research is generated internally.

Clients include Alameda County, Northern California Retail Food Clerks, Clorox and University of Colorado.

David L. Harris, W. Graeme Bretall, John J. Sullivan and Henry B.D. Smith are chief investment officers. Mr. Sullivan is the client contact.

Kanawha Valley Bank

P.O. Box 1793, Charleston, W. Va. 25326; (304) 348-7081

Total assets managed	$422,000,000
Tax-exempt assets managed	
Total	$104,000,000
Fully discretionary	$94,000,000
Tax-exempt clients	
Commingled	347
Separate	70
Types of accounts managed	CEFGJ
No. of portfolio managers	5

Kanawha Valley Bank has equity, fixed-income, balanced and real estate capabilities.

It uses a blend of growth stocks and emerging companies within a context of market timing. Significant emphasis is directed toward sell decisions.

For fixed income, the approach is primarily passive. A blend of floating-rate instruments, zero coupons and intermediate Treasury issues are used.

Real estate now is limited to mortgage purchases for tax-exempt accounts.

The tax-exempt asset mix Jan. 1 was 48% stocks, 45% bonds and 7% interest-bearing deposits.

In 1984, the bank had a net gain of $25 million in tax-exempt business.

It follows 60 stocks closely and 100 generally; 10% of the research is generated internally. Limited use is made of options.

William J. Wykle, vice president and senior investment officer, is the chief investment officer. Harold E. Neely, vice president, is the client contact.

Kempner Capital Management

P.O. Box 119, Galveston, Texas 77553; (409) 765-6671

Total assets managed	$200,000,000
Tax-exempt assets managed	
Total	$72,000,000
Fully discretionary	$72,000,000
Tax-exempt clients	153
Types of accounts managed	CEFGJ
No. of portfolio managers	1

Kempner Capital Management, an equity manager, bases its investment approach on Graham & Dodd analysis. The objective is to generate a total return, including capital growth and dividends, greater than the inflation rate over a minimum of three to five years while minimizing downside risk.

For fixed income, the firm uses a passive — buy and hold — approach.

The tax-exempt asset mix Jan. 1 was 75% stocks, 20% cash and 5% convertible debentures.

The firm follows 50 stocks closely and 100 generally. Options are used.

Clients include MCI, Meadows Foundation and Our Lady of the Lake University.

Harris L. Kempner Jr., president, is the chief investment officer. Donna Gindrup, vice president, is the client contact.

Kennedy Capital Management Inc.

425 N. New Ballas Road, Suite 181, St. Louis, Mo. 63141; (314) 432-0400

Total assets managed	$60,000,000
Tax-exempt assets managed	
Total	$51,000,000
Fully discretionary	$51,000,000
International assets managed	$3,000,000
Minimum separate account	$250,000
Tax-exempt clients	45
Types of accounts managed	CEFJ
No. of portfolio managers	3
Size of research staff	2

Kennedy Capital Management Inc., an equity manager, invests in growth or emerging growth companies with improving fundamentals including earnings acceleration with below-average p/e for their industry.

Its fixed-income approach is based on income and growth. The firm believes most income positions also provide some opportunity for equity growth, i.e. convertibles, capital gains.

The tax-exempt asset mix Jan. 1 was 82% stocks, 9% bonds, 6% cash, 1% mortgage-backed securities and 2% mutual funds.

The firm had a net gain of $12 million in tax-exempt business last year. It added 11 clients.

The firm follows 150 stocks closely, and more than 5,000 generally. It generates 40% of its research internally. It uses covered options.

Clients include Copperweld, Community Federal Savings & Loan, Whittaker and Stetson University.

Gerald T. Kennedy, president, is the chief investment officer; and Ron Schafer, vice president, is the client contact.

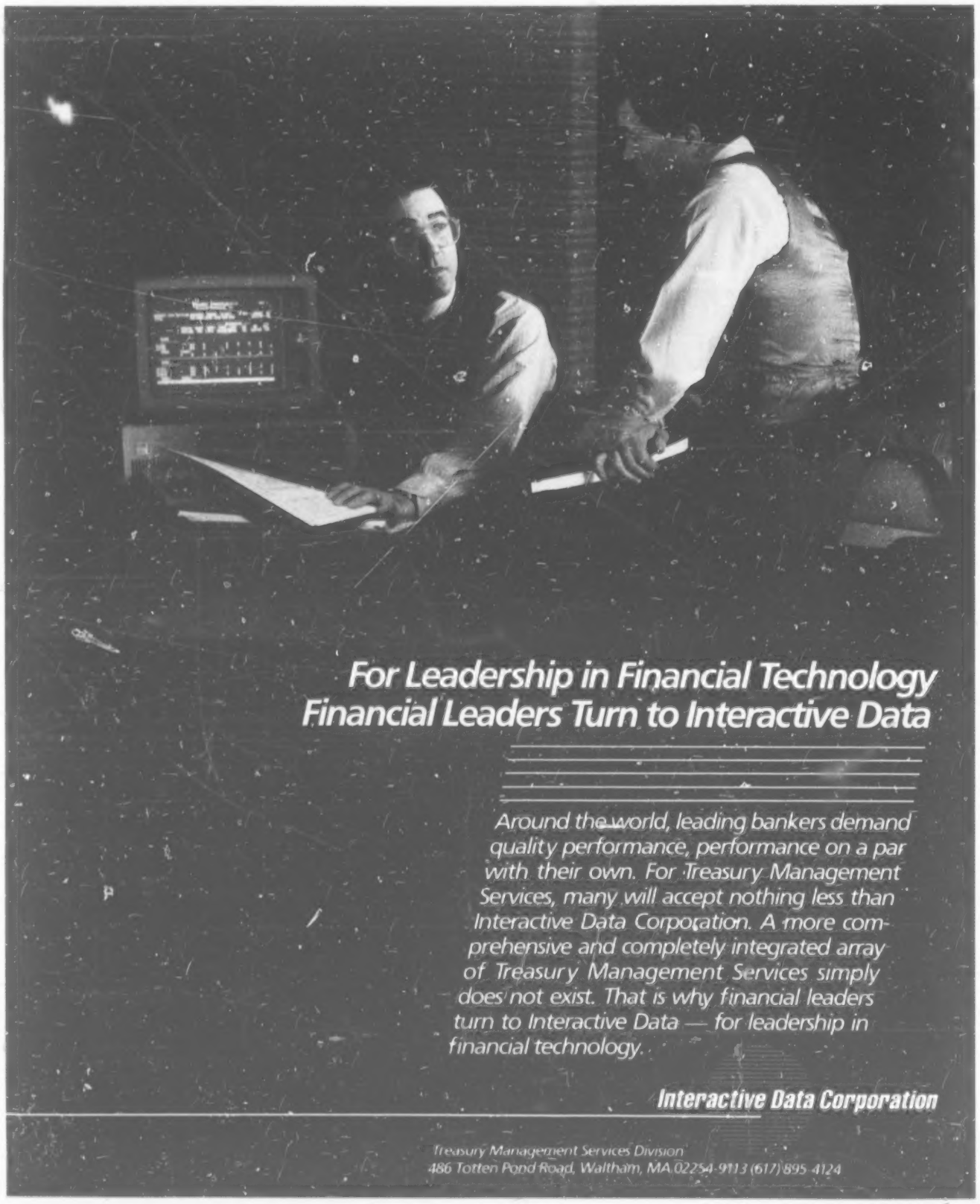
Langdon Investment Advisors Inc.

5722 Valverde #B, Houston, Texas 77057; (713) 785-7586

Total assets managed	$0

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State and local gov'ts.
J: Jointly trusteed funds



Companies increased assumed return in '84

CHICAGO — The assumed rate of return used to determine the actuarial present value of accumulated pension plan benefits rose slightly in 1984 to 8.12% from 8.09%, a survey of 200 corporate annual reports shows.

The average assumed rate of return has increased each year since 1980, when Charles D. Spencer & Associates Inc., Chicago, first began the survey.

The survey also found plans using Pension Benefit Guaranty Corp. rates had the most volatile interest rates. Reported rates ranged from 5% to 15.6%, with utilities lagging other industry groups and with automotive and farm machinery manufacturers running ahead.

More than 10% of the companies surveyed invested some pension assets in an immunized or dedicated bond portfolio.

The survey found 83% of the pension funds had more than enough assets to pay all vested and non-vested benefits on a termination basis.

Slightly more than half of the plans, 56.3%, reported lower pension contributions in 1984. Reasons cited include adequate funding of the plan, good investment returns, fewer employees and a change in actuarial assumptions. Only three companies requested waivers of minimum funding from the IRS.

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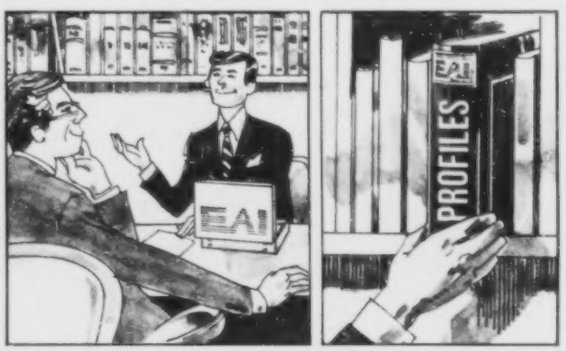

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Dan Dorfman

Bonds lose attraction

By Dan Dorfman

BONDS, the single hottest investment of the past 12 months, have had it.

That, in effect, is the word from money management whiz Michael Steinhardt.

In brief, Mr. Steinhardt, the chief architect of one of Wall Street's greatest success stories, recently dumped $400 million in bonds after racking up a $25 million profit on them between January and July. It was his second major bond killing in recent years. Back in 1982, he made a $250 million bond wager; that one produced a $40 million profit.

Now, though, the head of Steinhardt Partners, a three-fund, $400 million money management complex, is shunning all bonds, save for an occasional fast trade, because, as he puts it — "the bond game for now is over."

This is a far cry from his thinking in January when Mr. Steinhardt, after his big bond-buying spree, said in an interview that he expected bonds to be one of the year's biggest money-makers. At the time, he estimated they could turn in a snazzy gain of close to 20% (factoring in both income and capital appreciation).

As it turned out, bonds (notably long-term corporate and government instruments) racked up roughly a 20% rise this year, extending their advance to about 40% or so during the past 12 months. In recent weeks, they have given up about 5% to 6% of their gains.

Why so negative on bonds now?

Because, as Mr. Steinhardt sees it, interest rates have just about hit their lows for the current business cycle and should begin a meaningful upward move.

In fact, Mr. Steinhardt thinks investors should be looking to sell bonds short in the near future. (A short sale is a bet on lower, rather than higher, prices.)

Mr. Steinhardt's interest-rate guru, George Henry, a partner in the firm and formerly an economist and associate director of the international finance division of the Federal Reserve, spelled out the reasons for the projected climb in interest rates.

Under his scenario, bonds should get hit for a 20% loss during the next six to nine months.

For starters, he said, "The weakness in the economy is over and we should have good to very good growth for at least a year." He figures the gross national product in this period should grow 4% or more, spurred by nine months of double-digit advances in the money supply (checking accounts and all currency in circulation).

The kind of GNP growth Mr. Henry is forecasting should raise the specter of future inflation. That, in turn, should lead to higher interest rates.

Mr. Henry looks to a continuing decline in the U.S. dollar against foreign currencies as another upward pressure on interest rates.

This year, the dollar is off anywhere from about 9% to 15% from its March peak. Mr. Henry sees the declining greenback trend continuing because of the government's inability to reduce or eliminate the budget deficit.

In turn, a declining dollar will increase the price of foreign goods, according to Mr. Henry.

"And if the price of Toyota goes up, it will give General Motors the courage to also increase its prices," he said.

Here again, he is pointing to another inflationary stimulus and another upward pressure on rates.

Mr. Henry calculates the yields on long-term government bonds, now about 10¾%, should rise to 11½% to 12% during the next six to nine months.

That might not seem like a big deal, but the financial markets have a tendency to overreact and so the yields could go even higher — perhaps to as much as 13%, he said.

(As yields go up, bond prices go down to bring the fixed bond rate in line with the changes in the market rates.)

As for the prime rate, Mr. Henry sees it rising another 1% to 1½% from its current 9½%.

Whether Steinhardt Partners is on the money with its bearish bond outlook remains to be seen. But based on the firm's record, the Steinhardt-Henry duo clearly merits a respectful hearing.

Using the firm's oldest fund as a measurement of performance — also called Steinhardt Partners (with assets of $166 million) — a dollar put in that fund when it started 18 years ago would now be worth an amazing $67.31 (after partner's fees).

That same dollar invested in the Standard & Poor's 500 stock index would be worth $4.33. Significantly, a number of super, but at times early, bond calls made a major contribution to that record.

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Minimum separate account	$200,000
No. of portfolio managers	1
Size of research staff	1

Langdon Investment Advisors, formed in March 1985, is an equity manager. Its approach uses growth stock, sector rotation, Graham & Dodd analysis and market timing. When the market looks undervalued and oversold, the firm looks for growth stocks. When fully valued and overbought, it buys cheap assets.

The firm follows 20 stocks closely and 40 generally. It generates 20% of its research in-house.

Gregory Dillon is a client.

Lester M. Langdon is the chief investment officer and client contact at (713) 963-8191.

Louisiana National Bank of Baton Rouge

P.O. Box 1511, Baton Rouge, La. 70821; (504) 389-4259

Total assets managed	$689,000,000
Tax-exempt assets managed:	
Total	$436,000,000
Fully discretionary	$436,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	262
Separate	108
Types of accounts managed	CEFGJ
No. of portfolio managers	3

Louisiana National Bank has equity and fixed-income capabilities. Its equity approach uses growth and emerging growth stocks, sector rotation and market timing. Emphasis is on overweighting sectors with both growth and economically sensitive issues.

Its fixed-income approach is passive and uses interest rate anticipation. Accounts are tailored to satisfy the client's risk tolerance.

The tax-exempt asset mix Jan. 1 was 55% stocks, 40% bonds, and 5% cash.

In 1984, the firm gained $83 million in tax-exempt business; 35 clients were added.

It follows 50 stocks closely and 250 generally; 10% of the research is generated internally.

Clients include Exxon, Gulf States Utilities, Louisiana state police and Louisiana firefighters.

Donald E. Allred, vice president and trust investment officer, is chief investment officer. Errol Gautreau, vice president, is the client contact.

John McMahan Associates

201 California St., Suite 400, San Francisco, Calif. 94111; (415) 433-7770

Total assets managed	$288,000,000
Tax-exempt assets managed:	
Total	$238,000,000
Fully discretionary	$138,000,000
Real estate assets managed	$88,000,000
Minimum separate account	$30,000,000
Tax-exempt clients	8
Types of accounts managed	CG

John McMahan Associates is a real estate manager.

As of Jan. 1, all the tax-exempt assets were invested in equity real estate.

In 1984, the firm had a net gain of $10 million in new tax-exempt business; one client was added.

Clients include Honeywell, Florida Power & Light, the University of California and the state of Connecticut.

John McMahan, president, is the chief investment officer. J. Raymond Walker, vice president, is the client contact.

Morison Asset Management

1201 Marquette Ave., Minneapolis, Minn. 55403; (612) 332-1588

Total assets managed	$130,000,000
Tax-exempt assets managed	
Total	$115,000,000
Fully discretionary	$115,000,000
Real estate assets managed	$15,000,000
International assets managed	$8,000,000
Minimum separate account	$500,000
Tax-exempt clients	110
Types of accounts managed	CEFJ
No. of portfolio managers	4
Size of research staff	2

Morison Asset Management is a balanced manager. For its equity approach it concentrates core stocks in dominant companies in sectors with secular growth. Smaller investments are in special situation, rapid-growth companies with underlying fundamental strength. Increasing attention is given to foreign markets.

For fixed income the firm uses interest rate anticipation and relies on fixed-income securities offering quality and liquidity. It uses only Treasuries and federal agency bonds with falling rates. It searches out the highest CD return available with rising/high rates.

As of Jan. 1, the tax-exempt asset mix was 40% stocks, 37% bonds, 13% mortgage-backed securities and 10% cash.

A net gain of $20 million in new tax-exempt business for 1984 was made in balanced accounts.

The firm follows 129 stocks closely and 160 generally. Between 30% and 40% of its research is generated internally.

Clients include Health Central, North Memorial Hospital and Schoell & Madsen.

Thomas J. Morison, chairman of

the board, is the chief investment officer; Ronald R. Halverson, assistant vice president, is the client contact.

Neville, Rodie & Shaw Inc.

200 Madison Ave., New York, N.Y. 10016; (212) 725-1440

Total assets managed	$370,000,000
Tax-exempt assets managed:	
Total	$116,000,000
Fully discretionary	$300,000,000
Real estate assets managed	$13,000,000
Minimum separate account	$500,000
Types of accounts managed	CEFJ
No. of portfolio managers	5

Neville, Rodie & Shaw offers equity and balanced management.

For equities, it uses growth and low p/e stocks. Its passive fixed-income approach uses interest rate anticipation.

The tax-exempt asset mix Jan. 1 was 62% stocks, 29% bonds and 9% cash.

The $13 million invested in real estate was in real estate investment trusts.

The firm follows 175 stocks closely an.. 300 generally.

Norman S. Walker, president, is the chief investment officer. David Campbell, vice president, is the client contact.

The Penn Mutual Life Insurance Co.

530 Walnut St., Philadelphia, Pa. 19172; (215) 625-5000

Total assets managed	$4,270,000,000
Tax-exempt assets managed:	
Total	$1,056,000,000
Fully discretionary	$1,056,000,000
Tax-exempt clients:	
Pooled	2,341
GICs	618
Other	1,600
Types of accounts managed	CGJ
No. of portfolio managers	6
Size of research staff	5

The Penn Mutual Life Insurance Co. offers equity, fixed-income and real estate management.

Its equity approach uses growth stock. Several pooled separate accounts and funds are managed, each with a different approach depending upon investment objectives.

Its fixed-income approach uses interest rate anticipation and sector analysis.

Private and public real estate syndications are offered through Indepro Inc., a subsidiary company.

The tax-exempt asset mix Jan. 1 was 33% stocks, 6% bonds and 61% short term (money market).

Of the more than $1 billion managed, $62 million is in pooled accounts, $279 million is in GICs and $477 million is in other annuities.

The firm follows 100 stocks closely and 400 generally.

Kenneth M. Miller is senior vice president and chief investment officer. Borden W. Ayers, assistant vice president-pension marketing and sales, is the client contact.

The Portfolio Group Inc.

30 Rockefeller Plaza, 57th Floor, New York, N.Y. 10112; (212) 621-2725

Total assets managed	$1,300,000,000
Tax-exempt assets managed:	
Total	$154,000,000
Fully discretionary	$109,000,000
Minimum separate account	$300,000
Tax-exempt clients:	
Commingled	106
Separate	32
Types of accounts managed	CEFJ
No. of portfolio managers	14
Size of research staff	3

The Portfolio Group Inc. is an equity, fixed-income and balanced manager.

The firm uses a company-oriented stock selection approach to build equity portfolios. It buys stocks of companies with high returns on invested capital and reasonable p/e ratios.

For fixed income, the firm is a duration manager whose primary decision is driven by interest rate forecast, which in turn drives the duration of the portfolio. It is a more gradual approach than interest rate anticipation. The firm has a market return-oriented approach. It captures characteristics of the Shearson Lehman Government/Corporate Bond Index for duration, maturity, current coupon and sector diversification.

The tax-exempt asset mix Jan. 1 was 50% stocks, 45% bonds and 5% cash. A net gain of $90 million was made in tax-exempt business in 1984; 116 clients were added.

The group follows 100 stocks closely and 300 to 700 generally. Three-fourths of the research is generated internally.

Clients include News America, Rockaway, AVX and Hammacher Schlemmer.

Stephen B. Timbers is executive vice president and chief investment officer. James M. O'Donnell, senior vice president and director of sales, is the client contact.

PRO Services Inc.

5 Sentry Parkway West, Suite 120, Blue Bell, Pa. 19422; (215) 825-0400

Total assets managed	$122,000,000
Tax-exempt assets managed	$0
Minimum separate account	$10,000,000
No. of portfolio managers	3
Size of research staff	4

PRO Services is an equity manager, stressing growth and emerging stock. Its expertise is in the health care equity sector.

Its fixed-income approach uses interest rate anticipation and sector analysis. Using several econometric models, the firm tries to anticipate interest rate pressure and shift average maturity within moderate limits. It also uses special-feature bonds (sinking fund) and sector analysis.

It follows 300 stocks closely and 400 generally; 100% of the research is generated internally.

George J. Stasen, chairman, is the chief investment officer. John Cannon, president, is the client contact.

Sheffield & Co. Inc.

900 Circle 75 Parkway, Suite 750, Atlanta, Ga. 30339; (404) 953-1597

Total assets managed	$9,000,000
Tax-exempt assets managed:	
Total	$7,000,000
Fully discretionary	$7,000,000
Minimum separate account	$125,000
Tax-exempt clients	35
Types of accounts managed	CJ
No. of portfolio managers	1

Sheffield & Co. is a balanced manager.

Its equity approach uses low p/e stock and Graham & Dodd analysis. It acquires generally out-of-favor stocks having relatively low p/e and price/book ratios in which earnings turnarounds are forecast.

Its fixed-income approach uses interest rate anticipation. The firm looks to broad movements in interest rates relative to the inflation cycle as opposed to short-term expectations of rate movement.

The tax-exempt asset mix Jan. 1 was 45% stocks, 44% bonds, 10% cash and 1% mortgage-backed securities.

Sheffield & Co. had a net gain of $2 million in new tax-exempt business last year from six clients.

Thirty stocks are followed closely and 1,700, generally. Sheffield generates 75% of its research internally. Options are used.

Roger Sheffield is the chief investment officer and the client contact.

State Mutual of America

440 Lincoln St., Worcester, Mass. 01605; (617) 852-1000

Total assets managed	$3,726,000,000
Tax-exempt assets managed:	
Total	$1,346,000,000
Fully discretionary	$1,260,000,000
Real estate assets managed	$385,000,000
Tax-exempt clients:	
Pooled	220
GICs	626
Other	602
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	9

State Mutual of America has equity, fixed-income and real estate capabilities.

They use outside managers for the bulk of their actively managed equities. These managers include Batterymarch and Lehman Brothers and follow various approaches.

Its fixed-income approach uses in-

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terest rate anticipation.

The tax-exempt asset mix Jan. 1 was 58% stocks, 16% bonds, and 26% cash.

State Mutual uses options and fixed-income futures.

In 1984, the firm had a net gain of $176 million in tax-exempt business; 256 clients were added.

Edmund T. Bennett, vice president and chief investment officer, is the client contact.

Suburban Bank

6610 Rockledge Drive, Bethesda, Md. 20817; (301) 493-2909

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$75,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$500,000
Tax-exempt clients:	
Commingled	21
Separate	63
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	2

Suburban Bank has equity, fixed-income and balanced capabilities. Suburban Bank takes a fundamental bottom-up approach toward equity investments, highlighting stocks with low absolute or relative p/e ratios, earnings momentum and improving financial quality.

For fixed-income management, equal emphasis is placed on sector analysis, interest rate anticipation and yield curve analysis.

Real estate investment is geared toward limited partnerships or REITs.

The tax-exempt asset mix Jan. 1 was 40% stocks, 52% bonds, 7% cash and 1% mortgage-backed securities.

In 1984, the bank had a net gain of $18 million in tax-exempt business from 17 new clients.

It follows 80 stocks closely and 300 generally; 50% of the research is generated internally.

Stephen C. Thormahlen, vice president and manager-investment advisory division, is the chief investment officer. Carl O. Brudin Jr., vice president, is the client contact.

Tucker Anthony Management Corp.

3 Center Plaza, Boston, Mass. 02108; (617) 725-1757

Total assets managed	$1,166,000,000
Tax-exempt assets managed:	
Total	$82,000,000
Fully discretionary	$23,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	50
Types of accounts managed	CEFG
No. of portfolio managers	6
Size of research staff	5

Tucker Anthony Management Corp. has equity, fixed-income and balanced capabilities.

Its equity approach uses growth and emerging growth stocks and Graham & Dodd analysis. Its disciplined philosophy seeks consistent returns. Essential elements in its strategy are grouping equities by risk characteristics, specific asset allocation targets, quality orientation and valuation criteria. This results in a clear sales discipline and diversified, high-quality portfolios.

For fixed-income, extreme long-term positions are seldom taken. Shifts in maturity schedules are gradual. U.S. securities are central to the strategy, with maturities usually laddered for further diversification.

The tax-exempt asset mix as of Jan. 1 was 21% stocks, 59% bonds and 20% cash.

In 1984, the firm had a net gain of $2.8 million in new tax-exempt business, adding four clients.

It follows 20 stocks closely and 100 generally. It uses options.

Clients include Massachusetts Eye & Ear Infirmary, City of Gloucester Retirement System, Boston Teachers Union and Weber Charities Corp.

William F. Bell, managing director, is the chief investment officer. William C. Swan, vice president, is the client contact.

Tuttle & Noroian Inc.

The World Trade Center, San Francisco, Calif. 94111; (415) 421-9350

Total assets managed	$200,000,000
Tax-exempt assets managed:	
Total	$170,000,000
Fully discretionary	$170,000,000
Minimum separate account	$500,000
Tax-exempt clients	140
Types of accounts managed	CEFGJ
No. of portfolio managers	4
Size of research staff	4

Although classified primarily as an equity management shop specializing in ERISA mandated funds, Tuttle & Noroian Inc. actively manages assets on a market-timing basis coupled with pure Graham & Dodd valuation analysis. Accounts are individually managed on a discretionary basis that includes all equity, debt and cash equivalents for managed accounts.

Principals of the firm are Jason B. Tuttle Sr., chairman, and Steven A. Noroian, president. John R. Deller, vice president, is the client contact.

United States Trust Co., Boston

40 Court St., Boston, Mass. 02108; (617) 726-7250

Total assets managed	$350,000,000
Tax-exempt assets managed:	
Total	$190,000,000
Fully discretionary	$190,000,000
Minimum separate account	$1,000,000
Tax-exempt clients:	
Commingled	85
Separate	74
Types of accounts managed	CEFGJ
No. of portfolio managers	6
Size of research staff	2

United States Trust Co., Boston, is an equity, fixed-income and balanced manager.

Sector rotation, Graham & Dodd and quantitative analysis and market timing are used in the equity approach. Top-down asset allocation and MPT risk-return analysis are used to determine asset mix and stock market sector weightings. Individual security selection stresses consistent financial performance and relative value.

The bank's fixed-income management employs interest rate anticipation. Desired maturities are chosen on the basis of interest rate anticipation. Bond sectors are chosen based on yield spread and liquidity considerations.

The tax-exempt asset mix Jan. 1 was 52% stocks, 47% bonds and 1% cash.

A net gain of $45 million was made in tax-exempt business for 1984; 15 clients were added.

United States Trust follows 70 stocks closely and 150 generally. It generates 60% of its research internally.

Clients include Harvard Community Health Plan, New York Legal Aid Society, Yale University and Boston Pipefitters.

Domenic Colasacco, senior vice president, is the chief investment officer; Robert A. Lincoln, vice president, is the client contact.

Key to abbreviations

C: Corporate accounts
E: Educational endowments
F: Private foundations
G: State and local gov'ts.
J: Jointly trusteed funds

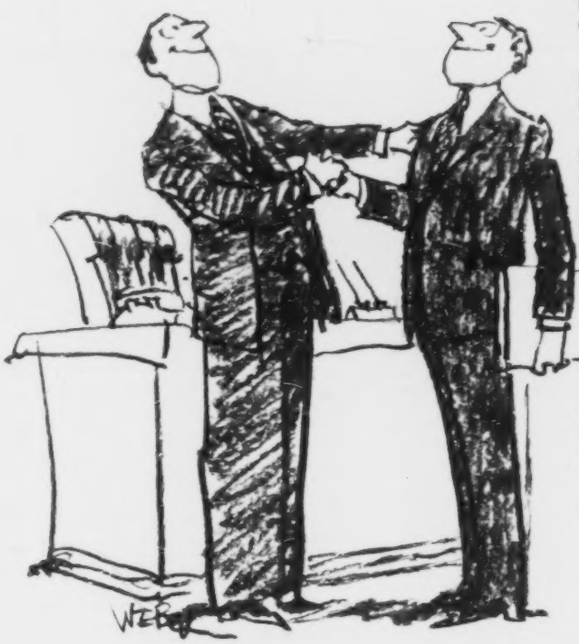
Views on plans split, study finds

BROOKFIELD, Wis. — The role of pension plans in labor-management relations affects the ultimate distribution of benefits and control over the funds, according to a study published by the International Foundation of Employee Benefit Plans.

The study by Teresa Ghilarducci, assistant professor of economics at the University of Notre Dame, found labor views pension benefits as workers' deferred wages and demands they be managed in the participants' interest.

Management, she said, views pension assets as a source of capital to pay for future liabilities. She said that management believes as long as these liabilities are paid, they can use the pensions for any purpose.

Partners



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FASB rapped . . .

Continued from page 3

• IBM's pension plan was overfunded using both the FASB and the projected salary methods, according to its annual report.

Under the FASB guidelines, the plan had $7.3 billion in vested and nonvested liabilities and $11.4 billion is assets. Including future salary estimates, the liabilities totaled $10.3 billion, allowing IBM to show less overfunding.

Mr. Langton said, "What FASB needs to come up with is a method so someone can determine what is the *real* funded status of this plan." He said IBM has been qualifying the FASB footnote for about four years.

• In their first annual reports, NYNEX Corp., New York; U S WEST Inc., Englewood, Colo.; American Information Technologies Corp., Chicago; and the other Bell regional companies published similar statements assailing the accounting standard.

In paragraphs nearly identical to the phrasing used for at least the last two years by their former parent, AT&T, the Bell regional companies' reports said: "The determination of actuarial present value of accumulated plan benefits is essentially a 'plan termination' type calculation, which uses methods and assumptions which are not the same as those used to determine current year pension costs."

(As utilities, the Bell regional companies aren't included in the accompanying Wright chart of 100 industrial companies on pages 44 and 45.)

• Lockheed Corp., Burbank, Calif., followed the FASB calculations in its annual report — vested and nonvested liabilities of $2.39 billion, assets of $3.14 billion — with the statement:

"The company believes this methodology is not realistic. Under the assumption that the plans will continue and that retirement benefits will be provided in accordance with the provisions of the plans, the present value of the anticipated costs of benefits to be paid is substantially more than the market value of net assets available for such benefits as of the balance sheet date."

• Ohio Edison Co., Akron, which showed accumulated plan benefits of $216 million and available assets of $317 million in 1984, obliquely rebuked the FASB method by saying, "differences between funding bases and reporting requirements can have a significant effect on the comparisons above." (As a utility, Ohio Edison isn't included in the accompanying Wright chart on the 100 industrial companies.)

• Exxon Corp., New York, without any statement about the FASB, simply shows accrued liabilities ($2.9 billion) and projected liabilities (another $719 million) for total liabilities of $3.6 billion. The treatment diminishes Exxon's overfunding to $1.3 billion from $2.2 billion on a FASB termination basis.

The Exxon figures illustrate that some companies are becoming overfunded on a projected salary basis, as well as an accrued or termination basis.

The number of companies overfunded on a projected basis isn't known, since companies aren't required to publish such data.

A survey by Oppenheimer & Co., New York, of the Standard & Poor's 400 industrial companies (again excluding AT&T), showed 73% of the firms had overfunded plans as of 1984, up from 70% in 1983 and 60% in 1982.

Their aggregate overfunding totaled $43.6 billion in 1984, up from $36.1 billion the previous year.

Not all companies fare as well.

According to the Wright survey, the two largest automobile companies showed sharp funding drops, mainly due to improved labor contracts.

• Ford Motor Co.'s plan had a reversal of nearly $1 billion. In 1984, the Dearborn, Mich., firm reported a deficit of $220 million, compared with a surplus of $760 million in 1983. During last year, Ford's assets grew 4.9%, while its vested liabilities swelled 18.7%.

• General Motors Corp., New York, showed a reversal of $647 million in its plan. Its 1983 deficit of $111.5 million grew to $758.9 million. Its assets grew 7.3%, while its vested liabilities increased 10.8%.

• Chrysler Corp., Detroit, contrary to its two major competitors, showed a sharp improvement in funding. In 1984, it put $1.4 billion of its $2.2 million in pension assets in a dedicated bond portfolio yielding an estimated 14%; in addition, it hasn't negotiated a new labor contract yet.

Chrysler's assets rose by 21%, while its vested liabilities dropped by 5.7% from 1983 to 1984. Its deficit improved to $345 million from $946.6 million.

Among other data in the Wright survey of 100 companies (excluding AT&T), based on data from 1984 annual reports:

• Assets totaled $179.3 billion in 1984, up 10.1% from $162.9 billion the previous year.

• Vested liabilities in 1984 were up 9.7% to a total of $144.5 billion from $131.7 billion.

• Eight companies, including the three largest automakers, had underfunded plans in 1984, with their aggregate vested liabilities deficit of $3.8 billion.

• By contrast in 1983, more companies (11) had underfunded plans, but their aggregate deficit was slightly smaller, $3.7 billion.

• Pension expense for the 100 companies (excluding AT&T) dropped almost 37% in 1984, to $12 billion from $19.1 billion in 1983.

• Thirty-one companies raised their assumed rate of return, which improves funding position and helps lower pension expense. Eleven firms lowered that assumption.

• The assumed returns ranged from 6% by Digital Equipment Corp., Maynard, Mass., to 15.6% by International Harvester Co., Chicago.

• Sixty-one of the companies used assumed returns ranging from 8% to 9.8%.

The biggest changes in assumed returns were made by Armco Inc., Middletown, Ohio, raising its rate to 13.5% from 8.5%, Mobil Oil Corp., New York, to 9% from 6%, and Signal Cos. Inc., La Jolla, Calif., to 11.5% and 7.5%.

Among other data in the Wright survey, several firms with large overfunded plans showed large declines in the surplus. U.S. Steel Corp., Pittsburgh, showed its surplus fell by $1.1 billion, to $789 million. Amoco Corp., Chicago, reported its overfunding dropped to $100 million from $201 million. Westinghouse Corp., Pittsburgh; Shell Oil Co., Houston; Martin Marietta Corp., Bethesda, Md.; and Dow Chemical Co., Midland, Mich., also reported surplus declines of more than $100 million each.

Other firms reported large gains in their surplus. The biggest was a $1.19 billion increase by IBM, to a surplus of $4.4 billion. Mr. Langton attributed the rise to a good investment performance and an increase in its assumed return to a rate between 7.5% and 5.5% from a straight 5.5%.

GE reported its surplus rose by $1.1 billion to $3.3 billion.

Exxon's surplus grew by $573 million to $2.1 billion. A company official attributed the rise to an unspecified good investment performance and a lowering of liabilities by raising its assumed return to 10% from 8.3%. ■

First Boston Asset Management Corporation
12 East 49th Street, New York, New York 10017

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First Boston
Asset Management Corporation

Manville plan . . .

Continued from page 3

claims and $200 million in cash on hand and short-term receivables.

Manville filed for protection under federal bankruptcy laws in August 1982 after being beseiged by thousands of lawsuits from individuals claiming health problems after using Manville's asbestos products. Manville has been searching for a vehicle since then that would allow it to continue to operate while curbing the mounting legal aspects of the asbestos claims.

The agreement approved by Manville and claimants represented by New York attorney Leon Silverman faces opposition from shareholders, creditors and property claimants.

But, according to sources close to the situation, some form of the agreement as proposed probably will be approved by the bankruptcy court now that it has the approval of the two major litigants.

Manville employees would escape the bite of the dilution if the plan is adopted.

Manville began converting its employee stock ownership program to alternative investment vehicles in 1982 after filing for bankruptcy, said Mr. Neill. He said no Manville stock has been contributed to the company's thrift plans since June 1982.

After the company filed for bankruptcy, employees were offered the chance to sell their Manville ESOP shares and enter into a new, multifaceted investment program including a money market fund, an equity fund and a guaranteed investment contract fund, he said. Most employees sold their Manville stock, he said.

Institutional holders of Manville stock were cautious in their response to the settlement package. Some said they don't fully understand what is taking place while others said they are receiving conflicting reports.

Barbara T. Alexander, an analyst for Salomon Brothers Inc., said equity holders "will be opposed to the reorganization for obvious reasons" and "it (the settlement proposal) is almost certain to end up in the Supreme Court."

"Common (equity) interests would be diluted substantially — between 50% and 80% — but most believe it will be closer to 80%. The company earned $2.18 per share in 1984. If there is an 80% dilution of current shareholders' interest and if they earned the same thing again, and I'm not predicting that, current equity holders would have an interest of only 44 cents," she said. For equity holders, there is very little upside."

About 25 money managers held positions in Manville as of June 30, representing 34% of the shares outstanding.

None contacted by P&I Age seemed unduly alarmed at the prospect of a radical dilution of their Manville stock. While several had decreased the size of their holdings, only a handful had totally liquidated the stock from their portfolios.

One, whose firm owned 253,000 shares at the end of the first quarter, said he liquidated the stock "because of general market conditions."

John Birmingham, vice president of equity investment at Allstate Insurance Co., Northbrook, Ill., said the company plans to retain its 120,000 shares in its general capital portfolio.

"We would not sell when the market is under the stress of publicity of this kind. This kind of a holding is a one- or two-year proposition," he said.

Bob Torray, president of Torray Clark & Co., Bethesda, Md., is assessing the Manville agreement and the possible dilution effects, said: "It won't do much to me since we don't have that much in it."

"The shares today are probably under-reflective of the long term value of the company . . . We like to buy things others don't like."

Still, he said, Manville is "not typical" of the type of stocks Torray normally likes.

"We bought a lot of it over about a three-year period at low prices and it really doesn't matter to me. I could get my money out of it by selling now. Manville is actually a pretty small holding for us. I could have sold it at 12 or 16 and probably should have in retrospect, but it's too low to sell right now," he said.

Torray Clark is one of the largest holders of Manville stock, with about 4.4 million shares.

"We have about $25 million in it. If it goes to 12 or if it goes to zero, it doesn't matter and won't have a material effect on our work with our clients. We can't make much off it and can't lose much," he said.

Mr. Torray said he looks for a rebound in the Manville stock and compares it to another troubled stock that eventually regained much of its value.

"Manville is a hopelesaly complicated situation . . . but we will eventually do just as well with it as with some stock you could convert to. I'd much rather own Manville than some computer company," he said.

The equity manager at one southern investment management firm with $350 million under management said he would sell his nearly 100,000 shares at "the right price," and said he is still trying to find out what is happening at Manville.

"We are still trying to get a grip on just what the plan is, but we believe the stock price reflects a pretty fair give-up from stockholders to the litigants.

If you have an 80% dilution plus a stream of profits (into the trust), there is not much left. My general view is that Manville is a viable company with a different class of shareholders than normal. The owners of this company are not the common shareholders so much as the litigants," he said.

Mr. Torray said he has already sold several thousand shares of Manville within the past several weeks above current prices (the stock has been trading recently at $6.25). ■

World Bank . . .

Continued from page 1

at the wrong time, they pay higher costs," he said.

"The sum total is passed through to the lending rate, and the whole incentive of the staff is, therefore, to keep that cost as low as possible, and to generate returns by a low cost of debt and the active management of liquidity."

The 10-person U.S. dollar cash management team, which is based in Washington and headed by Hari Findakly, can invest in a variety of investment-grade instruments, although it must invest funds in the currencies in which disbursements are denominated.

While the average maturity of the portfolio stood at about 3½ years in July, the team bases its approach on interest rate anticipation and rides the yield curve in a highly active trading strategy.

Mr. Qureshi believes the World Bank's might be the world's most actively managed portfolio, with a total turnover in fiscal 1985 of about $4 trillion.

Joan Payden, president of Payden & Rygel, Los Angeles, which specializes in short-term funds management, backed up Mr. Qureshi's claim, adding the level of activity is surprising for such a large pool of assets. "I find it exciting because that is what we try to do and I do not know any other large organization with an in-house staff doing it that way," she said.

The portfolio management is so aggressive that the bank's investment managers analyze the trading opportunities lost as well as the trading gains.

But Mr. Qureshi attributes the investment fund's performance to luck as well as to wisdom.

"This year rates dropped and we were wisely positioned, and I don't know that we are going to be so lucky or so wise this year," he said.

In order for the gains to be as great in fiscal 1986, he said, rates would have to drop another four percentage points. He said it is unlikely rates on five-year investments would drop to 6% from 10%, as they dropped to 10% from 14% in fiscal 1985.

The bulk of the portfolio, about 75%, is invested in U.S. dollars, but investments are made in 29 different currencies, primarily in British pounds, French francs, deutsche marks, yen and guilders.

One thing the cash management team has going for it is a strategy that emphasizes a large liquid reserve as a cushion against the vagaries of international markets.

Corporate cash managers generally invest their funds with specific cash flow constraints, tailoring specific payments to meet future outflows of cash. But the World Bank team is free to invest the bulk of its funds for maximum gain.

This is because the liquid assets of the fund represent more than just future committed disbursements. The World Bank sees liquidity as the inverse of borrowing. In order to play into strength in its borrowing program, the bank needs to rely on its liquid reserves during periods of high interest rates, and so management likes to keep its total short-term portfolio as a backstop, said Mr. Rotberg.

Recently the bank has been able to raise sufficient capital in the markets, so its portfolio has been growing fat while the bank borrows at a lower rate than that at which it can reinvest.

The bank's globetrotting capital financing operation, which entails borrowing among any of 14 different currencies, as well its ability to exploit discrepancies between different world markets by using currency swaps, are among the most sophisticated anywhere.

In fiscal 1985, the bank did about $1.4 billion in currency swaps, mainly out of U.S. dollars in which it raised capital and into the currencies from which the disbursements are to be made.

For example, before currency swaps, borrowings in U.S. dollars represented 32% of the bank's total borrowings; after swaps, U.S. dollar borrowing represented only 24%.

Similarly, borrowings in yen, Swiss francs, deutsche marks and Dutch guilders contributed 58% of borrowing before swaps and 70% after swaps in fiscal 1985.

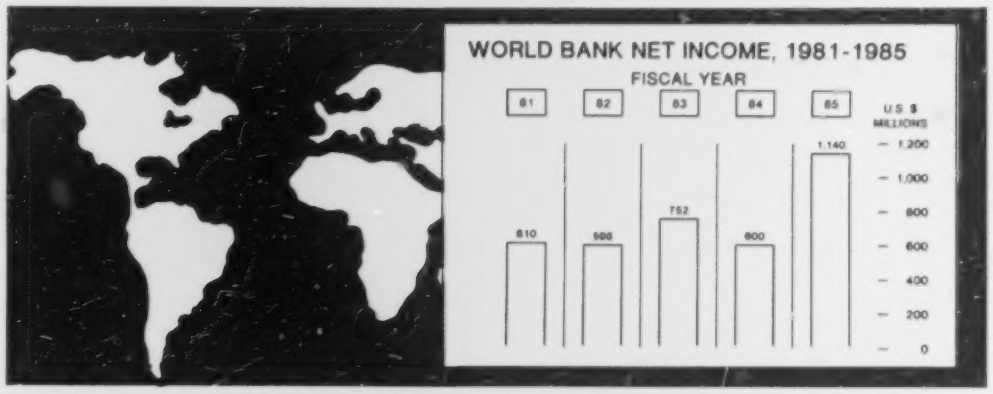
Being a multinational borrower, the bank is able to exploit the lower interest rates available in some non-U.S. dollar markets, although it needs to ensure the final cost to the borrower will be better than the cost would be were the fund to borrow in U.S. dollars and do a currency swap.

"Every time we do a borrowing, the board considers whether, over the life of the loan, the currency will revalue sufficiently against the dollar to make this nominal low interest rate really higher, and this is compounded over each year's difference," said Sheldon Rappaport, senior adviser-finance. He said all the currency risk was carried by the borrower, not by the bank.

From July 1, 1977, to Dec. 31, 1984, the bank's borrower nations could have realized capital gains of more than $6 billion simply from the borrowing programs in Swiss francs, deutsche marks and yen, as opposed to U.S. dollar borrowing, he said.

One hurdle the bank faces in its expansion is that it has a statutory requirement to maintain a 1:1 ratio between loans and capital. Therefore, it will be unable to lend more than about $13 billion capital until it can raise its capital base, primarily by getting additional equity commitments from member countries.

In order to achieve further growth during the next three years, the bank's management will have to have to get various governments to add to the bank's equity base. ■



The World Bank's financial operations trading room.

Arco boosts contribution $11 million

By Alan Krauss

LOS ANGELES — Atlantic Richfield Co. will have to increase its annual pension contribution by about $11 million this year to cover increased employee benefit liabilities resulting from unexpectedly widespread acceptance of an early retirement offer.

The company also will be forced to liquidate holdings from its $2.2 billion pension portfolio to raise cash to meet immediate benefit expenses stemming from the offer, made to employees as part of the company's corporate restructuring plan announced in April.

About 6,000 of Arco's 40,000 employees accepted the offer, said Howard Ockelmann, vice president, adding the subscription rate was about 15% larger than the company's initial projections.

He said more than half the early retirees have opted for lump-sum benefit payments, although many who have accepted the offer have not yet indicated whether they will choose an annuity or a lump-sum payment.

Mr. Ockelmann said the Arco pension fund will need to sell off assets to meet the increased cash flow requirements. He said the trims would affect all asset classes proportionately, but he would not specify the portfolio's current asset mix.

"Obviously, this will reduce the size of the portfolio for some period of time," Mr. Ockelmann said. "But the changes will not be dramatic."

The early retirement offer, which reportedly added up to 10 years of seniority for some employees, created additional pension liabilities for Arco, he said.

"Instantaneously, it created liabilities equal to acceptance of the plan . . . that must be amortized over time," he said. "But at the same time, we have reduced the number of employees, so over the long term the effect will be to reduce company pension expenses."

Mr. Ockelmann said the temporary increase in the company's pension contribution necessitated by the early retirement offer is "modest," amounting to "less than 10%."

Sanford Margoshes, an oil analyst with Shearson Lehman Brothers Inc., said the oversubscription of the offer probably was the reason Arco increased its planned first-quarter write-down by $200 million.

"The company was planning to write off $1.3 billion in the first quarter, and it actually wrote off $1.5 billion," Mr. Margoshes said. "What was important was the increment of $200 million, which was presumably because more people opted to accept the plan than they expected."

But Mr. Margoshes agreed the increased contribution was likely to have little impact on Arco's overall corporate financial picture. "(The $200 million) was a significant hit, but it's in the past now," he said.

"From the pension point of view it probably was significant, but from the corporate gestalt point of view, it was diminimus."

According to Arco's most recent annual report, pension costs were $111 million in 1984, $116 million in 1983 and $116 million in 1982.

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Pensions & Investment Age

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Union Carbide, 4 others terminate plans

By Rose Darby
and Alan Krauss

Five companies are terminating overfunded pension plans for various corporate financing purposes, taking reversions totaling about $715 million.

• Union Carbide Corp., Danbury, Conn., will undertake a spinoff/termination of its $2.8 billion defined benefit plan for salaried and hourly workers to recapture half, or about $500 million, of the surplus assets.

The reversion will help the company recover from the financial effects of last year's massive toxic chemical leak in Bhopal, India, and a smaller gas leak last month at an Institute, W. Va., plant. The termination is part of a massive corporate restructuring at Carbide.

The remaining $500 million of the surplus will be left in the existing plan for active employees after Carbide terminates the one that will be spun off for retirees, according to a source at the company. Carbide executives hope the remaining surplus will not be considered taxable income to the company, the source said.

If the Internal Revenue Service construes the remaining surplus to be taxable income, the company will consider a termination/reestablishment instead, the source said.

• Stauffer Chemical Co., Westport, Conn., will recoup $112 million from terminating two plans with assets of $231.9 million, according to documents filed with the Pension Benefit Guaranty Corp.

The reversion will help buy down debt associated with the $1.25 billion, all-debt purchase in March of Stauffer by Chesebrough-Pond's Inc., Greenwich, Conn.

• Fairchild Industries, Chantilly, Va., plans to terminate three plans, with combined assets of $187 million, to recapture about $48 million for use in existing businesses beset with losses.

• Central Soya Co., Fort Wayne, Ind., is terminating four pension plans, with assets of about $100 million, to recapture an estimated $41.6 million. The move is part of an effort to help finance the leveraged buy-out of the company (*see accompanying story*).

• Bluefield Supply Co., Bluefield, W. Va., plans to terminate its roughly $27 million non-union employee defined benefit plan to use an estimated reversion of $13 million "as working capital and for other corporate purposes," said Jim E. Gillenwater, executive vice president.

The heavy machinery distributor's industrial supplies division has had losses and its appliance divisions have been only marginally profitable.

The main reason Bluefield Supply is terminating "is the overfunding," he said.

"We're terminating due to the losses we've had for the past three years," Mr. Gillenwater said. "We've had losses in just about all areas of the company, about the only profitable area has been our hospital supply group.

"You see, we're tied to the coal industry," he explained. "Most of the areas we operate in, such as West Virginia, Ohio and Virginia, are all related to the coal industry, which has been really depressed for some time now."

Bluefield plans to replace the terminated plan with a 401(k)-type profit-sharing plan, according to Mr. Gillenwater.

The new profit-sharing plan will receive an employer contribution

Continued on page 45

3-step strategy in buy-out

By Barry B. Burr

FORT WAYNE, Ind. — Central Soya Co. is terminating its pension plans to recapture more than $40 million in surplus assets, selling $200 million in low-rated "junk" bonds and arranging $135 million in bank borrowing to help finance the leveraged buy-out of the company by a group led by Roy E. Disney.

Highly leveraged as a result of the buy-out, Central Soya faces a debt service estimated at $53.1 million and exceeding its $42 million in income from continuing operations before interest and taxes.

Drexel Burnham Lambert Inc. is underwriting Central Soya's issues of $100 million in eight-year senior subordinated notes and $100 million in 12-year subordinated debentures.

The issues are expected to be sold during the first week in September and are expected to carry coupons to yield around 14%.

Moody's Investors Service Inc., New

Continued on page 48

Interest in international index funds is spotlighted in the report on page 31.

INTERNATIONAL SECTION

U S WEST hires 5 for equities

By Fred Williams

DENVER — The $5 billion U S WEST pension fund has completed a $600 million, partial equity restructuring, hiring four active investment managers and one index fund manager.

During July and August, $100 million was transferred to each of the new active managers, said Jim R. Belquist, manager-trust investment management at U S WEST. Another $200 million was moved into an index fund that contains none of the stocks in the Standard & Poor's 500 stock index.

The change coincided with, "but was not due to," the final transfer of pension assets to the seven Bell regional operating companies from American Telephone & Telegraph Co., Mr. Belquist said. AT&T moved about $15.2 billion July 1, of which U S WEST received about $1.6 billion.

The new U S WEST active equity managers are PRIMECAP Management Co., Pasadena, Calif.; Concord Capital Management, San Mateo, Calif.; Trinity Investment Management Corp., Boston; and Brignoli, Curley & Roberts Associates, New York.

Mellon Capital Management, San Francisco, will run the index fund, Mr. Belquist said.

He declined to say whether any existing managers were terminated.

Mr. Belquist said the manager search and selection process was conducted internally. "We have been searching for active equity managers for about three months," he added.

Mr. Belquist said the new equity managers "fit the needs of our fund" and that U S WEST "was looking for styles or strategies that could be implemented by good people."

"We don't look for (market) timers. We look for what the firm's strategy is and how they implement that strategy," he said.

He said Concord capitalizes on themes that "cut across the traditional stock groups" by identifying

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Late news

NFL restructures

NEW YORK — The pension fund for players in the National Football League has terminated what was its sole money manager and has moved to a multiple manager investment approach.

The new team members for the NFL players' Bert Bell Retirement Plan and the type of portfolio each will run are: Provident Capital Management Inc., Philadelphia, equities; Management Assets Corp., Westport, Conn., equities; Trust Company of the West, Los Angeles, equities; Payden & Rygel Investment Counsel, Los Angeles, fixed income; and Alliance Capital Man-

Continued on page 2

Union fund's Walton: visionary or radical

By Joel Chernoff

POMPANO BEACH, Fla. — In February, when a federal judge interrupted a trial to dismiss the Department of Labor's charges against trustees of the Operating Engineers Local 675 Pension Trust, Dennis J. Walton openly wept.

"I didn't realize how much of Dennis Walton was on the line," said the fund's pension counsel, Gerald M. Feder. "The tears could not be held back."

The action, and the subsequent decision, vindicated the trustees' judgment in constructing and financing the elegant new headquarters for the Pompano Beach, Fla., union local of crane and heavy equipment operators, its pension fund and other programs.

The ruling, which is being appealed by the government, also vindicated Mr. Walton, the colorful 44-year-old union local chief and pension board chairman. It also has helped him achieve a new level of credibility.

His mission, he believes, is to ensure the future of the nation's construction and building trades unions.

What's more, the court decision has enabled Mr. Walton to focus on other ways to expand his "pension fund revolution" — from leveraging a small investment into a developer's commitment to use union labor, to promoting direct real estate investment, to calling for a boycott of four major insurance companies, to experimenting with pension fund subsidiaries and employee stock ownership plans.

This newly perceived legitimacy is a radical change from a few years ago, when multiemployer pension

Dennis J. Walton

fund trustees regarded his ideas as wild and dangerous, liable to land them in jail and lose their funds' money.

"He's made the transition from being perceived as a crazy man to being a leader," observed Landon Butler, a former Carter administration aide and now head of a pooled real estate fund.

Dennis Walton's friends and associates say he is a true pioneer and a

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Investing in start-ups, buy-outs

5 join venture partnership

By Trudy Ring

MIDLAND, Mich. — At least five tax-exempt funds have made commitments totaling about $25 million to the MBW Venture Partners Limited Partnership, which closed recently at $73.1 million.

Among its tax-exempt investors are the Michigan State Employees' Retirement Systems, Oregon Public Employees' Retirement System, Allen-Bradley Co.'s pension fund, Lehigh University's endowment fund and Northern Telecom Ltd.'s Canadian pension fund.

The Michigan fund likely is the largest investor, an official there said.

Other investors include banks, insurance companies and corporations, said Richard Goff, general partner of MBW Venture Partners and vice president and treasurer of the parent company, MBW Management Inc. The fund has about 40 limited partners, he said.

The fund will invest primarily in health-care companies, but also will invest in communications and computer software, Mr. Goff said. It will invest in both start-ups and buy-outs, he said.

How fast the money will be invested will depend on market conditions, but it probably will be placed in three or four years, he said. The partnership will be administered from offices in Los Altos, Calif.; Chatham, N.J.; and Midland.

Officials of tax-exempt funds that invested in the partnership said they were attracted by the diversification opportunities of venture capital and the experience of those running the fund. MBW Management also manages the Michigan Investment Fund and Doan Associates. MBW manages about $120 million in venture capital.

The Michigan retirement systems, with $10 billion in assets, put $15 million into the MBW fund, said Michael J. Finn, the state investment bureau's deputy director in charge of venture capital. "We're very bullish on the partnership on the basis of the management team they put together," he said. "I think we are the largest investor."

> *"We're very bullish on the partnership on the basis of the management team they put together."*
>
> — Michael J. Finn

Michigan is among the most active states in venture capital. The retirement systems have $126 million in venture investments, Mr. Finn said.

He thinks the medical/healthcare area is one of the most attractive for venture capital investments. Other growing areas are leveraged buy-outs, industrial technology and biotechnology, he said.

The Michigan systems have made two other new venture commitments recently, Mr. Finn said. They placed $3 million with the Sun Western Venture Capital Fund, Dallas, which will invest in companies in the Southwest, and a $500,000 direct investment in a Detroit company, Semiconductor Reliability Associates.

The $4.4 billion Oregon system's commitment to the MBW fund was one of three its trustees approved recently, said James C. George, investment manager. The system, also very active in venture capital, put $5 million into the MBW partnership.

The other venture commitments approved by the Oregon trustees were $10 million to the Oppenheimer-Palmieri Workout Fund, New York, and $5 million to Morgenthaler Venture Partners, Cleveland (*Pensions & Investment Age*, July 8). With the new investments, the system has about $87 million committed to venture capital.

Milwaukee-based Allen-Bradley,

Continued on page 48

California portfolio earns 36.1% return

By Alan Krauss

SACRAMENTO, Calif. — The $28.8 billion California Public Employees' Retirement System captured a 36.1% total rate of return on investments for the 12 months ended June 30, said Walton Williams, principal investment officer.

That translates to a dollar gain for the year of better than $7.4 billion through capital gains and return on investment, and exclusive of employee contributions.

The portfolio performance for the nation's second largest pension fund, as measured by Wilshire Associates, the fund's consultant, breaks down this way:

- Real estate, 44%.
- Fixed income, 39.7%.
- Equities, 32%.

For the three years ended June 30, the pension fund reported a compound annual return of 24.3%. That included compound annual returns of 24.4% on bonds, 25.8% on equities and 24.7% on real estate.

The one-year performance figures placed the California fund in the Top 2% of 234 fixed-income managers and in the Top 20% of 546 equity managers surveyed by Wilshire, Mr. Williams said.

The three-year returns placed the fixed-income portfolio in the Top 5% of the Wilshire universe and the equity portfolio in the Top 50%.

Mr. Williams said the pension fund's bond portfolio, which had a market value of $14.99 billion as of June 30, has an average maturity of about 17 years.

He said the system has been investing primarily in longer

Continued on page 49

Actuaries warned by suit

By Joel Chernoff

WASHINGTON — The Pension Benefit Guaranty Corp.'s unprecedented lawsuit charging George B. Buck Consulting Actuaries Inc. and one of its actuaries with "actuarial malpractice" may cause consultants to become more conservative in their assumptions.

"There is no doubt that a chill has been sent through the spines of most actuaries because of the unknown" of future regulatory activity, said Gary Pines, a benefits consultant at Towers, Perrin, Forster & Crosby, Chicago.

The PBGC's suit charges the Pittsburgh office of Buck and consultant Michael L. Wheat were "grossly negligent" in computing the funding obligations of Buck client Mesta Machines Co. of Pittsburgh.

Mesta's two pension plans were terminated effective June 16, 1983, leaving the PBGC with an estimated claim of $56 million. Under law, the agency became trustee for the plans, assuming its assets and liabilities.

Mesta settled claims by the PBGC for employer liability against it last year, paying the agency a combination of $1 million in cash and a variety of securities and warrants. The net loss to the PBGC then was adjusted to $37 million.

The PBGC said Buck underestimated the likelihood that Mesta would have to pay shutdown benefits (given to employees who are laid off when a plant closes), which ultimately figured into the liabilities assumed by the PBGC.

Recognizing these benefits have accrued normally leads to increased company contributions.

According to the PBGC, Mesta announced in March 1981 that it tentatively had decided to shut down its West Homestead, Pa., plant permanently. In August, Mesta closed a substantial portion of its operations at that plant, and wrote off $14.5 million in costs associated with the shutdown, including expenses related to pensions and other employee benefits.

On June 30, 1982, Mesta entirely closed its other major facility in New Castle, Pa.

Feb. 9, 1983, Mesta filed for protection from creditors under Chapter 11 of the federal bankruptcy code. Two months later, the company announced it would not reopen the New Castle plant.

The PBGC alleged that Buck, as consultant since before 1979, knew of or should have known of these facts, yet failed to reflect the company's dire condition in its annual valuation of company benefits.

From 1979 through 1983, Buck estimated a probability of less than 1% to 6% that the special early retirement benefits would be triggered, even though the company

Continued on page 45

Late news

Continued from page 1

agement Corp., New York, fixed income.

Bernstein-Macaulay Inc., New York, previously the only manager, was terminated.

Dennis Curran, director of operations for the NFL National Council, would not reveal the amount given to each manager.

James Meketa Associates, Boston, was the consultant for the search.

The plan had assets of $96 million as of March 1983, according to the 1985 Money Market Directory.

N.J. funds divest

TRENTON, N.J. — Gov. Thomas H. Kean has signed a bill requiring state pension funds to divest of all securities in companies doing business in South Africa.

The eight funds handled by the New Jersey Division of Investment have $2.1 billion in stocks in these companies and $675 million in the firms' bonds, said William Mooney, deputy director. Total assets of the funds are about $11.4 billion, he said. The legislation gives the funds three years to divest.

While the legislation was awaiting Mr. Kean's signature, the investment division set a policy tied to the Sullivan Principles and divested $100,000 worth of securities. However, investment officials now will have to abide by the new state law, Mr. Mooney said.

PBGC sets rule

WASHINGTON — The Pension Benefit Guaranty Corp. has issued its long-awaited rule governing arbitration of disputes on the amount of withdrawal liability assessed employers leaving multiemployer plans.

Under 1980 multiemployer pension plan law, an employer can appeal its assessed withdrawal liability from an underfunded plan. If the dispute is not resolved, the parties must resort to arbitration.

Fee negotiations on

NEW YORK — The Equitable Life Assurance Society of the United States reportedly is locked in lengthy fee negotiations over the launching of a proposed international fund of funds that would have three separately managed non-U.S. components.

One portion of the proposed fund would be managed in-house, and two others likely would be managed by specialist international managers.

Reportedly, Schroder Capital Management International is negotiating to manage the European segment and Daiwa International Capital Management Corp., the Far Eastern segment.

Personnel moves

• FORT WORTH, Texas — F. Dickson McElwee has been named vice president and treasurer at American Airlines.

Mr. McElwee will report to Jack Pope, senior vice president-finance, and will be responsible for capital-raising activities, management of capital funds and pension assets and management of foreign exchange, corporate insurance and tax matters.

He had been treasurer at Continental Can Co., Stamford, Conn.

• MINNEAPOLIS — William C. Daniels, senior vice president and head of marketing of Peregrine Capital Management, will retire to pursue a career in the retail garment industry.

Late money movers

• HARTFORD, Conn. — The Hartford Mutual Investment Fund hired Target Investors Inc., Stamford, as an equity manager to handle its $9 million in assets, said Steve Smith, secretary of the fund.

The fund's assets include the general portfolio of nine Connecticut savings banks. Alliance Capital Management Corp. was terminated.

No consultant was used in the search.

• NEW YORK — The Pursers' Trust Plan of Trans World Airlines Inc. has hired GAMCO Investors, Inc., as an equity manager, according to Gary Dilley, manager of pensions and investments for TWA.

Mr. Dilley said the deal was effective Aug. 1, but would not comment on the amount GAMCO will manage or who had previously served as manager. TWA has pension assets totaling $1.8 billion.

Mr. Dilley said the management search was done primarily in-house.

• ST. LOUIS — The pension benefit trust fund of Local No. 1 of the International Brotherhood of Electrical Workers has hired Liberty Capital Management to handle $5 million in government securities, according to Floyd Davis, the fund's administrative manager.

Liberty Capital was hired Aug. 1 as the $75 million fund's first-ever money manager. All assets previously had been managed in-house. No consultant was used, he said.

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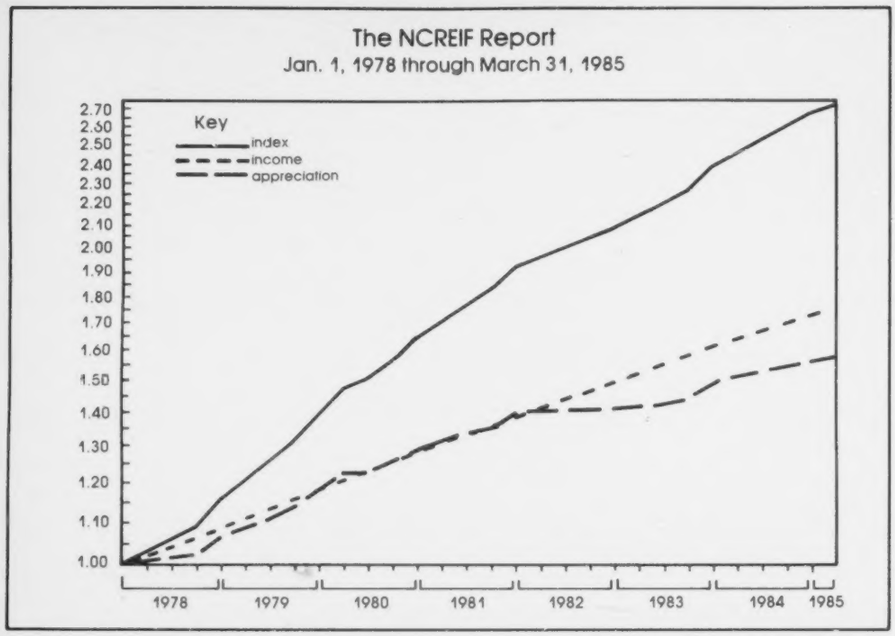
Real Estate



Appreciation stagnates

By Steve Hemmerick

WASHINGTON — The FRC Property Index, which measures returns on more than $8 billion in income-producing properties, showed virtually no appreciation of those properties for the first quarter of this year.

It is the first time no property appreciation has been recorded for a single quarter by the index, which was established in early 1983 but measures the growth in value of properties back to 1978.

Appreciation is one of two measures, the other is income, used in establishing total return on the properties and in setting the value in the index.

The National Council of Real Estate Investment Fiduciaries, composed of 30 managers with about 900 properties, provides the figures used in the index.

NCREIF said the index showed the income component for the first quarter of this year was steady at a 1.7% increase, the fourth time that figure has been recorded in the past seven quarters. The mean quarterly income return is 2%.

Real estate managers have been stressing that real estate does provide steady income, and they have been asking pension managers to look at real estate from the standpoint of income it returns as well as a hedge against inflation.

Income has fallen only slightly from the properties: 7.3% for the 12 months ended in March vs. 7.4% for the previous 12 months. However, the mean income return for the index is 8.1%.

With no appreciation, the index scored its lowest total return — 1.8% — for a first quarter since 1983, when the total return was 1.7%.

No breakdown was available from NCREIF on the locations or property types that have not appreciated or have depreciated.

But real estate managers for several months have reported many individual, but not all, office buildings rising little or actually declining in values in some cities where there is overbuilding, such as Houston and Denver.

The index figure for appreciation, because it is an average for all properties measured, could mask real declines in value of some office buildings and also appreciation of some. Real estate managers and their research organizations have been reporting appreciation in most warehouses, shopping centers and research and development buildings.

Thus, the value of many office buildings might have actually declined for the index to be able to report no appreciation for the properties as a whole.

But Cecil Sears, a director for administrative services for NCREIF, said not too much weight should be given to one quarter's figures. He said NCREIF puts out quarterly figures for convenience, but that real estate should be looked at for the long term.

But the 11.7% return for the year ended March 31 shows a decline from the mean 12-month figure for the index, of 15.4%.

According to Mr. Sears, "There might be some softness in property values. It is hard to see in a quarter."

But he added inflation generally has been lower in the 1980s than it had been in the 1970s, when real estate scored some of its greatest gains.

Some of those increases in the 1970s, he said, could have been "driven by inflation." With today's lower inflation, he added, investors "might have lower increases in market values."

While equity real estate is an inflation hedge, many real estate managers and consultants have been saying inflation isn't needed for real estate to take off again as it did in the late '70s. Several managers have said real estate value is

Continued on page 21

Fund returns 4.8%

Equitable's Real Estate Account No. 8 reported a 4.8% return for the first six months of 1985. The open-end account has $2.8 billion in assets and is managed by Equitable Real Estate Investment Management Inc., New York.

Of the return, 3.4% came from income and 1.4% from appreciation. An Equitable official said the office buildings in its account had an 89% occupancy rate, near the 91% rate for all properties held in the account.

While prices haven't gone up for major properties since the beginning of the year, the prices for many of those properties stand at all-time highs, according to Timothy J. Welch, a senior vice president with Equitable. He said pricing of properties has become more predictable because prices are tied more to real estate economics and less to tax-code savings.

He also said tax syndicators have fled the marketplace, but their absence has had little effect on institutional investment properties because the syndicators focused on properties selling for $10 million and less.

The market for prime office, retail and hotel properties is increasingly dominated by institutional investors with deep financial pockets, Mr. Welch said. As a result, pricing of these properties has been stable. Prices have remained high because institutional investors want to own quality real estate, he said.

But, Mr. Welch said, pension funds and foreign investors have not doubled their investments in real estate as some predicted they would five years ago.

Equitable officials said New York City is still the nation's best market for real estate values.

Wrap-up

Price correction noted

Commercial and residential property prices have undergone some correction in the weaker markets of the country, according to the money management firm of Bailard, Biehl & Kaiser Inc., San Mateo, Calif.

But the firm said in a report that it is waiting for a better defined market bottom before increasing its real estate exposure.

Top funds for year also lead in quarter

By Alan Krauss

Performance figures for commingled real estate equity funds show that, for the most part, those with top returns for the 12 months ended March 31 also turned in strong showings for the final three months of that period.

According to data compiled by Evaluation Associates Inc., Westport, Conn., the top returning open-end pooled fund for the first quarter of 1985 was HT Investors Quadrant One. The $11 million fund, which is managed by the real estate investment department of Rhode Island Hospital Trust National Bank, Providence, had a non-annualized first-quarter return of 9.3%, composed of a 7.3% appreciation component and a 2% income component. (*See listing on page 21.*)

The fund invests in existing properties, including office, industrial and research and development facilities in the Northeast and between $2 million and $5 million in size. Its portfolio mix at the end of the first quarter was 50% office and 50% light industrial. Cash reserves were 31% of assets.

Phoenix Mutual Life Insurance Co.'s Real Estate Separate Account was second in EAI's first-quarter rankings, with an appreciation component of 2.8% and an income component of 2.4% for a total return of 5.2%.

RESA invests in land purchase/leaseback arrangements, as well as existing properties, in the suburbs of 18 major U.S. cities. Property types include office, industrial, warehouse, shopping centers and multitenant residential buildings with condominium conversion potential, and are $2 million to $8 million in size.

The fund had total assets of $99 million at the end of the first quarter. Its 15-property portfolio contained 48% office, 28% industrial, 6% retail and 18% residential properties. Cash reserves were 16%.

The third-ranked pooled fund in the first quarter was NCNB National Bank of North Carolina's NCNB Real Estate Fund, which had a 4.5% non-annualized return containing an appreciation component of 2.8% and an income component of 1.7%.

The fund invests in developmental and existing properties, including office and warehouse facilities, as well as undeveloped land, ranging from $1 million to $8 million. It concentrates its investments in the Southeast.

During the first quarter, the fund purchased one 82-acre industrial development site for $9 million. It sold an office, and two land parcels totaling 63 acres. The properties sold had been appraised most recently at a total of $3.03 million; the three sales brought in $4.4 million.

The fund had total assets of $178 million as of March 31, and it held 41 properties. Its portfolio mix is 14% office, 59% industrial, 27% undeveloped land. Cash reserves were 28% of assets.

In the EAI universe of open-end pooled funds, the first-quarter median return was 9.5%. Funds in the top quartile returned 13.4% or better.

EAI data show the top closed-end fund during the first quarter was Aetna Life and Casualty Co.'s Closed-end Real Estate Separate Account Series I. CERESA Series I brought investors an appreciation return of 5.6% and an income return of 2.3% for a total of 7.9%.

CERESA, which had total assets of $165 million at the end of the first quarter, invests primarily in

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PIPER
Open-end funds
1-year returns
Periods ended March 31
(Top 50%)

	%
Copley Real Estate	19.6
Phoenix Mutual	19.4
NCNB	17.3
Mutual Benefit Life	16.2
Metropolitan Life RE	15.9
Metropolitan Life Tower	15.7
Citicorp	15.5
Chase Manhattan	15.3
Morgan Guaranty	15.2
First of Minneapolis	14.9
Prudential PRIMOR	14.4
Prudential MORISA	14.1
Bank One Trust Columbus	13.8
CIGNA	13.4
Wachovia Bank	12.5
Prudential PRISA	12.5
First Chicago	12.4
Equitable #8	12.4
Consumer Price Index	13.7

3-year returns

	%
Copley Real Estate	23.8
Morgan Guaranty	19.7
NCNB	18.2
Phoenix Mutual	17.1
Mutual Benefit Life	16.7
Metropolitan Life Tower	16.4
Prudential MORISA	16.0
Prudential PRIMOR	16.0
Metropolitan Life RE	15.4
First of Minneapolis	15.1
CIGNA	14.6
Chemical Bank	13.8
Chase Manhattan	13.7
First of Boston	13.5
InterFirst Dallas	13.1
Equitable #8	13.1
Bank One Trust Columbus	12.5
Consumer Price Index	4.0

Closed-end funds
1-year returns
Periods ended March 31
(All funds)

	%
John Hancock SERA 1	24.8
Sarofim Trust	22.2
Coldwell Banker V	21.7
State Street Bank I	20.6
JMB I	20.4
JMB II	18.2
LaSalle Advisors	15.7
Coldwell Banker II	14.0
RREEF II	12.2
RREEF Midamerica II	12.1
Coldwell Banker VII	11.5
RREEF USA I	11.1
RREEF III	10.8
Coldwell Banker IV	10.5
State Street Bank II	10.4
Coldwell Banker VI	9.7
Coldwell Banker III	9.4
RREEF IV	9.0
RREEF USA II	8.3
RREEF Midamerica I	8.0
RREEF I	7.2
Metropolitan Life I	2.2
Consumer Price Index	3.7

3-year returns

	%
JMB I	17.8
LaSalle Advisors	16.7
Coldwell Banker V	16.0
Coldwell Banker II	15.4
RREEF Midamerica II	14.6
RREEF USA II	13.6
RREEF III	13.0
RREEF II	12.5
RREEF USA I	12.3
Coldwell Banker IV	12.0
Coldwell Banker VI	11.3
RREEF I	11.0
Coldwell Banker III	10.3
RREEF Midamerica I	10.0
RREEF IV	9.1
Consumer Price Index	4.0

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Property Capital sees 7.4% hike in operating earnings

WASHINGTON — Property Capital Trust announced operating earnings for fiscal 1985, ended July 31, of $13,006,000, or $1.53 per share, a 7.4% increase from the previous fiscal year's earnings of $12,115,000, or $1.43 per share.

The trust declared a fourth-quarter dividend of $.39 per share, payable Sept. 16 to owners of record Aug. 31.

Net income for fiscal 1985 dropped 13.1%, however, to $1.53 per share, from $1.76, because there were no gains from sales of assets during fiscal 1985, compared with $2.9 million realized from such sales the previous year.

In a statement, Robert M. Melzer, Property Capital president, noted revenue from the trust's real estate investments increased 31% during fiscal 1985, to $17.9 million; while the surplus during the year increased 22%, to $4.6 million. ■

Evaluation Associates Open-end funds

Quarter ended March 31

(All funds)

	%
HT Investors	42.6
Phoenix Mutual	22.2
NCNB	19.3
First of Minneapolis	18.3
Wachovia Bank	17.6
Morgan Guaranty	16.1
Goldman, Sachs	15.6
Copley Real Estate	14.8
Metropolitan Life RE	13.4
Connecticut Mutual	13.4
Prudential PRISA II	12.1
Connecticut General	11.9
Prudential PRISA	11.7
Security Capital	11.7
Massachusetts Mutual	11.2
MRealty	10.0
Bankers Life	9.5
Chase Manhattan	9.5
Citicorp	9.3
Aetna Life	9.1
Chemical Bank	9.1
Seafirst	9.1
First of Boston	8.7
First Chicago	8.7
Travelers Sep. Acct. R	8.7
Wells Fargo	8.7
MONY #7	8.5
New York Life RE #3	8.2
Bank of America	8.2
Mercantile Trust	7.5
Equitable #8	7.4
InterFirst Dallas	6.5
Metropolitan Life Tower	3.8
Crocker National	2.4
John Hancock	1.2

Closed-end funds

Quarter ended March 31

(All funds)

	%
Aetna Life Series I	35.5
John Hancock SERA 1	26.2
Coldwell Banker V	17.4
State Street Bank I	13.3
Equitable #16	12.6
Coldwell Banker II	12.1
State Street Bank II	10.8
Coldwell Banker VII	9.9
Connecticut General	9.7
McMahon	9.3
RREEF West VI	9.1
TCW I	9.1
TCW II	9.1
Landauer I	8.9
Metropolitan Life I	8.9
Coldwell Banker IV	8.8
RREEF Midamerica IV	8.7
National Life	8.4
Coldwell Banker VI	8.2
RREEF West V	8.2
RREEF Midamerica II	8.2
PMRealty	7.8
RREEF West III	7.8
RREEF West IV	7.8
RREEF Midamerica I	7.8
RREEF Midamerica III	7.8
First Chicago	7.4
JMB I	7.4
Prudential PRACE 1	7.4
Capital Consultants	7.0
LaSalle II	7.0
Lehndorff & Babson	7.0
RREEF West II	7.0
RREEF West I	6.6
RREEF USA III	6.6
JMB II	6.1
RREEF USA I	6.1
Equitec	6.0
Coldwell Banker III	5.7
RREEF USA II	4.9
JMB III	4.9

Building of office space stays high

The office building real estate construction boom is continuing, according to the New York economic consulting firm of A. Gary Shilling & Co. Inc.

According to a report by the firm, the office sector might remain soft for years or "crash practically at any time."

The report stated there even is too much office space in urban areas like Manhattan and Chicago, with Manhattan having office space available to satisfy 9.2 years of demand and Chicago, 3.8 years.

It estimated pension fund and other money managers increased their holdings in equity real estate by 25%, to 5% from 4%, between January 1984 and January 1985.

Copley sets offering

BOSTON — Copley Real Estate Advisors has announced an initial public offering of 4 million common shares in Copley Properties Inc., a new real estate investment trust, at $20 per share.

The offering is expected to net $74 million for the new venture, which will invest primarily in development properties, according to Joe O'Connor, a Copley principal. The REIT's first four projects, which will be fully funded by the stock sale, are slated to be multiphased light industrial/research and development facilities.

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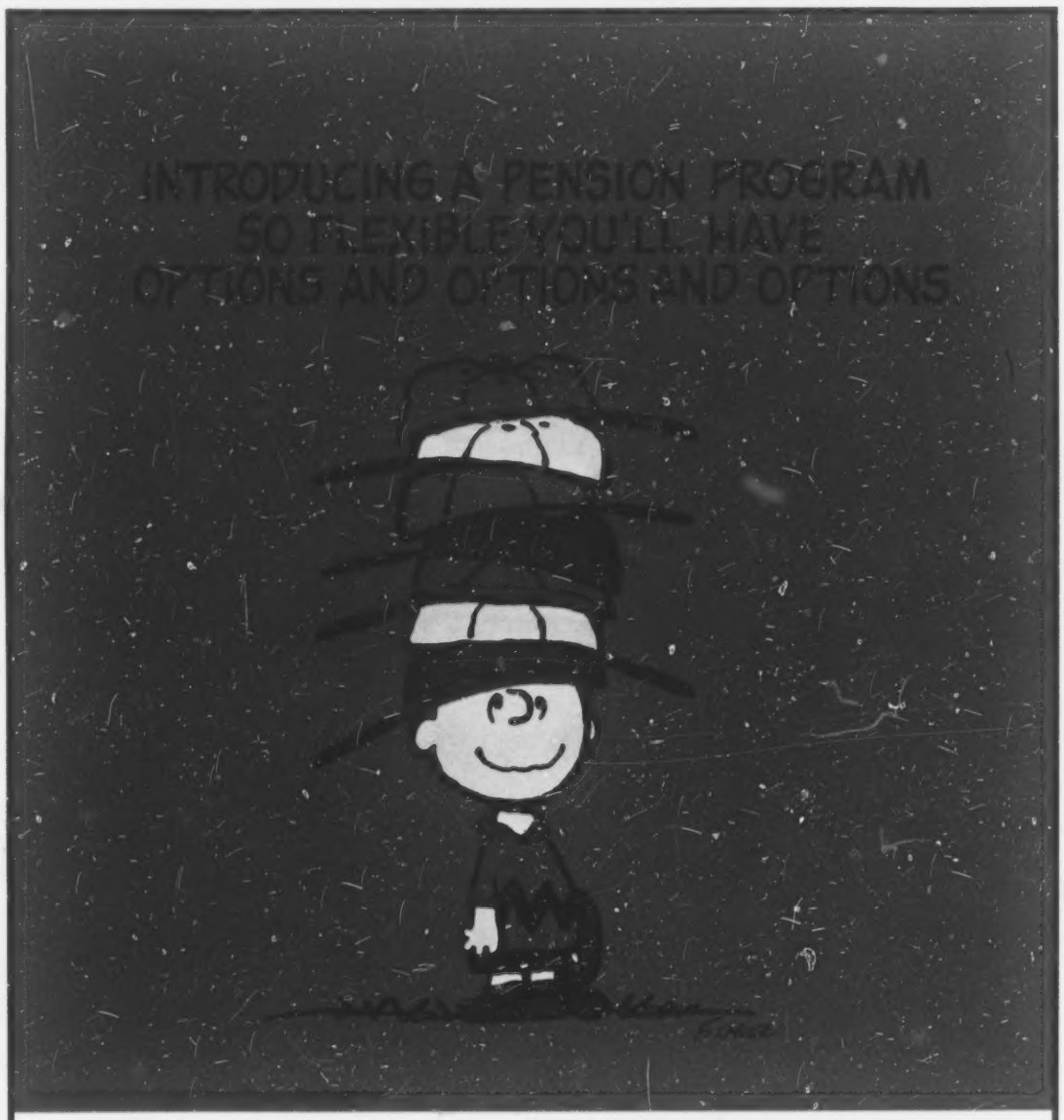

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Citicorp adds subsidiary

NEW YORK — Citicorp, the latest bank to set up its institutional investment unit as a subsidiary, did so because of the perception it improves a bank's capability to service its clients, said Robert G. Wade Jr.

But Mr. Wade, chief investment officer of the new firm, Citicorp Investment Management Inc., is quick to point out that most of the traditional reasons behind banks setting up investment subsidiaries do not apply to Citicorp because it has good numbers and already addressed the problem of paying professionals.

"We think it is a plus to be associated with a big bank such as Citicorp and haven't changed our name," he said of the new firm, which will manage $21.5 billion in tax-exempt assets.

"The overriding reason was the perception in the marketplace" from all the other banks setting up subsidiary investment units, Mr. Wade acknowledged.

"However, it is a lot of work to set up a subsidiary, so I decided to use it as a platform for change to improve services for the clients."

Mr. Wade has restructured the marketing apparatus of the firm, creating four major business units to deal with different sectors of the marketplace — national corporate and public funds, regional companies, specialized domestic institutions and international institutions. Each client group will operate as a separate business unit.

Top funds . . .

Continued from page 19

existing properties between $10 million and $50 million in size. The fund made no purchases or sales during the first quarter. Its 10-property portfolio contained 89% office and 11% industrial. Cash reserves were 4%.

The second-highest return from a closed-end fund was reported by John Hancock Mutual Life Insurance Co.'s SERA-1 fund. It had 3.5% appreciation and 2.5% income, for a total non-annualized return of 6%.

The $34 million SERA-1 invests in joint-venture developments and existing properties in major cities nationwide. Its portfolio is 100% residential, consisting primarily of garden-apartment developments. The fund made no purchases and no sales during the first quarter.

The third-place closed-end fund during the quarter was Coldwell Banker Capital Management Services' Institutional Fund Series V, with a return of 4.1% composed of an appreciation component of 2% and an income component of 2.1%.

The Series V fund is invested up to 70% in existing properties, including fully built and leased properties, convertible mortgages and commitments to fund developmental properties when fully built and leased. The fund also invests directly in developmental joint ventures and does direct developments itself.

Property types include office and industrial facilities and shopping centers, ranging in size from $1.5 million to $20 million. Geographic concentration is in the South and Southwest.

The fund had total assets of $82 million as of March 31. Its portfolio had seven properties. Cash reserves were 4%.

Among closed-end funds contained in the EAI listings, the median return was 8.2%, while those in the top quartile returned 9.1% or better for the quarter ended March 31.

Many of the same funds appeared in the top positions in Pensions & Investments' Performance Evaluation Report performance data for the 12 months ended March 31. PIPER does not report quarterly data.

The top performing open-end fund in the PIPER universe during the period was the Developmental Property Account managed by Copley Real Estate Advisors, which returned 19.6% on a time-weighted basis. (*See listing on page 20.*)

The Copley fund, which invests primarily in joint development projects with local partners, had total assets of $270 million at the end of the quarter, with 30% of assets in cash reserves. Its 17-property portfolio had a mix of 57% office, 15% industrial, 6% hotel and 22% land.

Second in the PIPER open-end universe for the 12-month period was Phoenix Mutual's RESA, which brought investors a 19.4% return.

NCNB's Real Estate Fund ranked third, returning 17.2% during the 12 months.

For the three-year period ended March 31, the top open-end fund was the Copley Real Estate Advisers' Developmental Property Account, which returned a compound annual 23.8%. Second was Morgan Guaranty's commingled real estate fund, which had a compound annual return of 19.7%.

Among closed-end funds, PIPER data showed Hancock's SERA 1 in top place for the 12 months ended March 31. The fund returned 24.8% on a time-weighted basis.

Second in the PIPER rankings for closed-end funds was Sarofim Trust Co.'s Sarofim Investors Realty Fund. The fund, which invests in participating mortgages, returned 22.2% during the period on total assets of $57 million.

Placing third among closed-end funds was Coldwell Banker's Institutional Funds Series V.

The top closed-end fund for three years was JMB Institutional Realty Group Trust I with a compound annual return of 17.8%. LaSalle Advisors' Street Fund Inc. was second, with 16.7%. ■

Index . . .

Continued from page 19

more a function of supply and demand than it is of inflation (*Pensions & Investment Age*, Aug. 19).

They say that when the economy improves, business activity will pick up and shrink the supply of office space, pushing up rental prices. This shrinking of demand, they said, could come with little inflation in the overall economy.

In the long term, the FRC index shows real estate has kept pace with the Standard & Poor's 500 stock index, from the end of 1977 to the first quarter of this year, and has surpassed the Consumer Price Index and the Shearson Lehman Government/Corporate bond index.

In the index, the 1 represents the value of all the properties held by NCREIF members at the end of 1977. Since then, the value of the portfolio has increased 2.7 times.

The index, which is computed by the Frank Russell Co., Tacoma, Wash., said the CPI has increased 1.7 times from the base year of 1977, and the bond index has increased 1.9 times; the S&P 500 has increased 2.7 times.

A NCREIF release stated that for the index, "The appreciation component matched the growth rate of the income component from 1980 through early 1982. Since then, (appreciation) has been growing at a much slower pace."

But, it continued, real estate has had little variation in comparison with other asset classes, with the real estate index showing a standard deviation of 0.15%. ■

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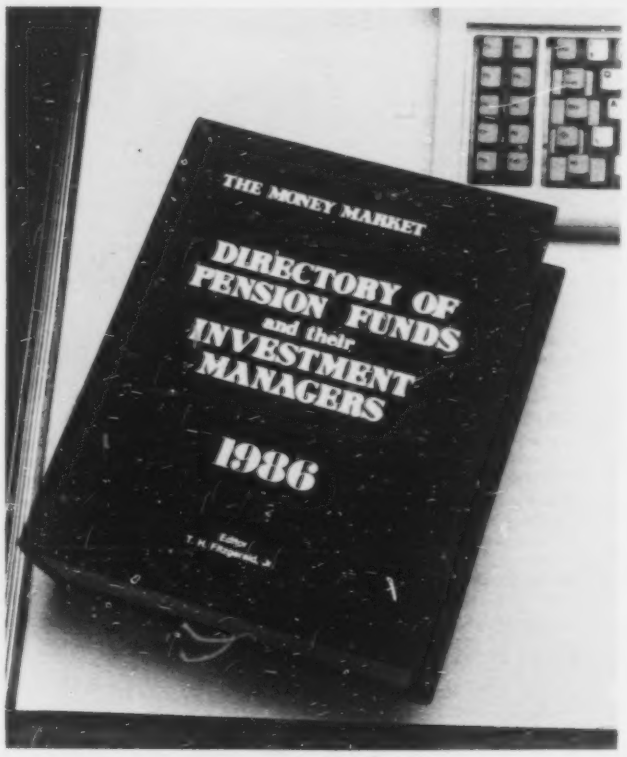

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International

Diversification with low risk?

Indexing catches funds' eyes

By Rose Darby

U.S. pension funds desirous of the diversification overseas investment can bring them but not of the risk it could entail, are curious about what international index funds might offer.

Freed from the confining effects of a strong U.S. dollar, international index funds could well shed their humdrum image as they emerge at the top of this year's international performance universe.

Indeed, the foreign index funds offered by American National Bank & Trust Co. of Chicago, State Street Bank & Trust Co., Boston, and Wells Fargo Investment Advisors, San Francisco, have been top-quartile performers for the first half of 1985 and for the one- and two-year periods ended June 30, according to InterSec Research Corp., Stamford, Conn.

Despite the fine performance numbers, some index funds are not adding new assets or new customers, while others are growing by leaps and bounds.

"Indexing internationally hasn't gone over big in the pension fund community," said Charles M. Thompson, investment officer for the $500 million Winn-Dixie Stores Inc. pension fund, Jacksonville, Fla. Winn-Dixie has an estimated $15 million in international index funds.

"But, passively managed money in general is becoming more and more acceptable and popular, and the international area will become so, too."

The good points of having assets managed in an overseas index fund is the lower costs that go along with it, and better performance results, he explained.

One of the bad points: "Don't forget that if you have a passively managed account, you can press a button and see where you are and you don't have to go to Zurich or to Paris for a visit," he said.

Of the total Winn-Dixie Stores pension fund, roughly 30% was in equities as of Sept. 30, 1984, according to Money Market Directory. Of that, roughly 20% was allocated to international investments. Traditionally, within the equity portfolio, about 50% has been managed passively, he said. That holds true for international as well, he added.

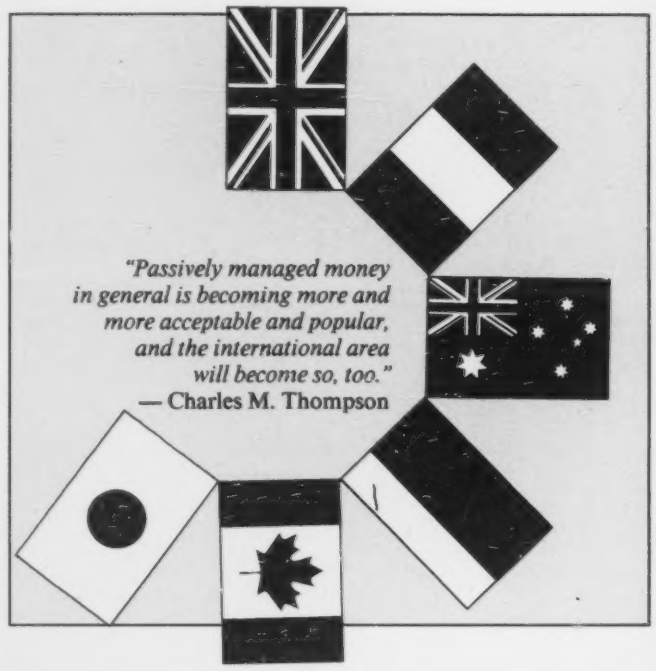
"We're extremely happy with the international index funds," said Mr. Thompson. "If I were going to put more money into international, I wouldn't hesitate putting more into international index funds as long as we kept the same proportions we have now."

Winn-Dixie Stores has funds actively managed with international managers Rowe Price-Fleming International Inc., Baltimore, and Batterymarch Financial Management, Boston.

In July, as part of an overall restructuring of equity assets, United Technologies Corp., Hartford, Conn., hired State Street Bank & Trust to run an international index fund, said Beverly Lannquist Hamilton, vice president-pension investments.

This fund, based on the Europe Australia Far East index, totals roughly one-third of the estimated $250 million international portfolio at United Technologies.

"It's our feeling that every so often in the international market there will be a period of time, and/or subsections of the market like the Japanese bank stocks, that will affect international results," Ms. Hamilton explained. "And, by and large, active managers often do not participate in those moves."



An additional argument for passive management in international is, "the long-term statistics of money management are not con-

Continued on page 33

Bond funds' returns a classy import

By Rose Darby

Overseas bond funds, buoyed by a declining dollar and lower U.S. interest rates, were far and away the top performers for the quarter ended June 30 among funds monitored by the Pensions & Investments' Performance Evaluation Report.

The rankings were drawn from 29 commingled, international or global, equity and fixed-income funds managed by 23 banks and insurance companies.

Prudential Capital Management International's Global Bond Fund and First Chicago Investment Advisors' International Dollar Fixed Fund were the champion funds for the quarter, each with a 9% time-weighted total return.

During the early part of this year, PCM International's $70 million fund was 70% to 75% invested in U.S. dollar-denominated bonds, said Kenneth Windheim, international bond fund manager.

"When the dollar weakened, we went to about 60% to 75% in foreign currency issues," he said. "We divided them between deutsche marks, sterling and yen."

During the second quarter, the fund was fully invested in each of the bond markets that had been selected for participation, he added.

The outlook for the immediate future will be determined primarily by the strength of the U.S. economy, Mr. Windheim said.

"If the economy remains somewhat subdued, foreign currencies will continue to rally against the dollar," he said.

To take advantage of this environment, pension fund investors should invest in global bond positions or a global bond fund, he said. "The one advantage of a global bond fund is it allows the flexibility to take advantage of the dollar's strength or weakness."

Occupying second place for the quarter, with a time-weighted total return of 7.3%, was Aetna Montagu Asset Management, Hartford, Conn.

Since late last year, managers for that $76 million international equity fund have been switching out of export-related issues and into domestic-related stocks in each market, especially in Japan, explained Christian Thwaites, assistant vice president and portfolio manager.

"Primarily, Japan went very right for us this quarter," he said.

Continued on page 32

U.K. analysts ranked

LONDON — A ranking of U.K. investment analysts, based on an annual survey of U.K. financial institutions, including insurance companies, pension funds, merchant banks, investment managers and mutual funds, places James Capel & Co. at the top of the list as the best research firm, according to Extel Financial & Business Services Ltd., which conducted the survey.

Phillips & Drew was voted second best in overall value of research product and analysts.

This year's survey drew responses from 130 investment managers with combined assets under management of 180 billion pounds sterling, or $252 billion.

Capel also was the top firm in the individual categories of best leisure sector analysts, best gold analysts and best mining analysts. It was named the top firm when it came to analysts for German, French and Dutch equities, according to the survey.

Phillips & Drew was voted the firm with the best analysts in gilt-edged securities, as well as fixed-interest convertible issues.

It also was named the firm with the best analysts in U.K. equity market strategy and in U.K. and international economic forecasting, according to the survey. Formerly, this annual survey was conducted by Continental Illinois.

International update

Investing changes

NEW YORK — Changing economic conditions such as a decline in the U.S. dollar, volatile U.S. interest rates, falling prices for oil and mounting pressures for more stimulative economic policies in Europe are changing the investment sentiment in Europe and the United States, according to a recent CreditWeek International article by Standard & Poor's Corp.

Given the likely continuation of U.S. dollar weakness, investors have been shunning dollar-denominated issues and increasingly turning to European currency unit-denominated securities, said the report.

In the first half of 1985 alone, the volume of ECU issues sold has exceeded 1984 total sales volume by 40%, according to the article.

To remain abreast of ever-shifting currency values, many issuers of corporate debt have hedged their exchange risk.

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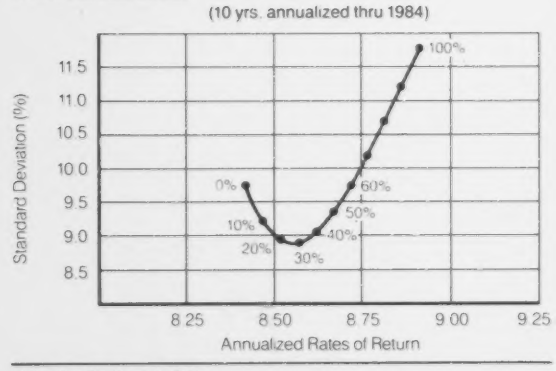
% International Bonds

(10 yrs. annualized thru 1984)



Source: InterSec Research Corp

Jay A. Dirnberger, Managing Director
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Bond funds . . .

Continued from page 31

"That's because we've been able to get a far better performance in Japanese stock selection."

Japan produced a 5.7% return in the Aetna Montagu portfolio; in comparison, the Tokyo local market index, in U.S. dollar terms, only rose 3.6%, he added.

"We wanted to follow stocks in each country's market that had two common themes — deregulation in communications, particularly telecommunications and (deregulation in) financial markets," he said.

Citicorp Investment Management, New York, with its International Equity Fund, was third for the quarter with a time-weighted total return of 7.2%.

By comparison, the benchmark Capital International Europe Australia Far East index logged a 6.7% time-weighted total return for the quarter.

For the year ended June 30, First Chicago Investment Advisors' International Dollar Fixed Fund again was the winner, with a time-weighted total return of 29.9%.

One of the most critical elements in the appreciation of this roughly $80 million international bond fund has been the drop in U.S. interest rates, which pushed up the price of dollar-denominated bonds, said Richard Carr, managing director and division head of international investment.

"International dollar fixed-income issues ought to perform well in the future," he said. "But returns are going to be nothing like what we've seen over the past 12 months or so."

This is because interest rates have come down to where officials at First Chicago think they ought to be, he added.

Nevertheless, his advice to pension fund investors is to hang tough in international fixed-income instruments and not switch to bonds back home.

In Mr. Carr's opinion, of the three asset classes, international equities, international dollar bonds and non-dollar bonds, the non-dollar bonds offer the best return.

"This is for two reasons. We think that the dollar will continue to decline and, outside the U.S., non-dollar bond markets, excluding currency factors, look far more attractive then do international equity markets."

PCM International's Global Bond Fund was second for the year, with a time-weighted total return of 26.1%.

The EAFE had a return of 23.8%.

Bankers Trust Co.'s International Equity Fund followed with a time-weighted total return of 22.5% for the 12-month period, and it was the premier performing fund for the three years ended June 30.

That $56 million pool had a 23.7% time-weighted total return for the three-year period.

"Basically it's the seeking out of value within the individual markets and concentrating on the liquid issues" to which the fund's success can be ascribed, according to Jeremy Fillenham, managing director of BT Investment Management in London.

"We are basically risk averse. We don't feel comfortable with putting big bets into certain markets and some stocks. We like to be able to come out of a market as quickly as we can get into it," he said.

IDS International, in London, with its International Collective Fund, was second for the three-year period. It had a time-weighted total return of 23.6%.

The EAFE index returned 21.9% for the period.

In the five-year period ended June 30, First Chicago's International Dollar Fixed Fund again placed first, with a time-weighted total return of 14.3%.

Bankers Trust's equity fund was the second top performer for the five years, with a return of 11.5%, and the EAFE had a time-weighted total return of 11%.

Stretching results out to 10 years, only three funds and the EAFE showed returns. Most international products have not been in existence long enough to appear in this category.

U.S. Trust, New York, with its International Pooled Equity Fund, was the champion for the 10 years. It had a time-weighted total return of 13.6% for the period.

PIPER International is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn. Because the industry is still young with relatively few international and global commingled funds, all the funds — stock and bond — are compared in one review, the firm said. ■

Commingled international funds

3-month returns

	%
1st Chicago (int. $ fixed)	9.0
Prudential (global bond), N.J.	9.0
Aetna Montagu (int. eq.)	7.3
Citicorp (int. eq.), N.Y.	7.2
Marine Midland (int. eq.), N.Y.	7.0
Bankers Trust (int. eq.), N.Y.	6.7
EAFE	6.7
1st Chicago (int. non $ fi.)	6.5
1st Chicago (int. eq.)	6.2
Prudential (foreign bond), N.J.	6.1
Bank of America (fixed), Calif.	6.1
Chase Manhattan (global eq.)	5.8
Citicorp (fixed int.), N.Y.	5.7
Morgan Guaranty (fixed bond)	5.6
IDS Trust (int. eq.)	5.2
Bank of America (int. eq.), Calif.	5.1
Bessemer Trust (Fund E), N.Y.	4.3
CIGNA Corp. (int. eq.), Conn.	4.3
Morgan Guaranty (int. eq.)	4.1

1-year returns

	%
1st Chicago (int. $ fi.)	29.9
Prudential (global bond)	26.1
EAFE	23.8
Bankers Trust (int. eq.), N.Y.	22.5
1st Chicago (int. eq.)	18.9
Marine Midland (int. eq.)	17.3
Aetna Montagu (int. eq.), Conn.	17.1
Bank of America (int. eq.)	15.9
IDS Trust (int. eq.)	15.6
CIGNA (int. eq.), Conn.	15.5
Travelers Hill Samuel (W)	15.4
Chase Manhattan (glob. eq.)	14.3
Morgan Guaranty (int. bond)	13.1
Mellon Bank (int. fi.), Pa.	12.9
Fidelity Mgmt. Tr. (int. eq.)	12.8

3-year returns

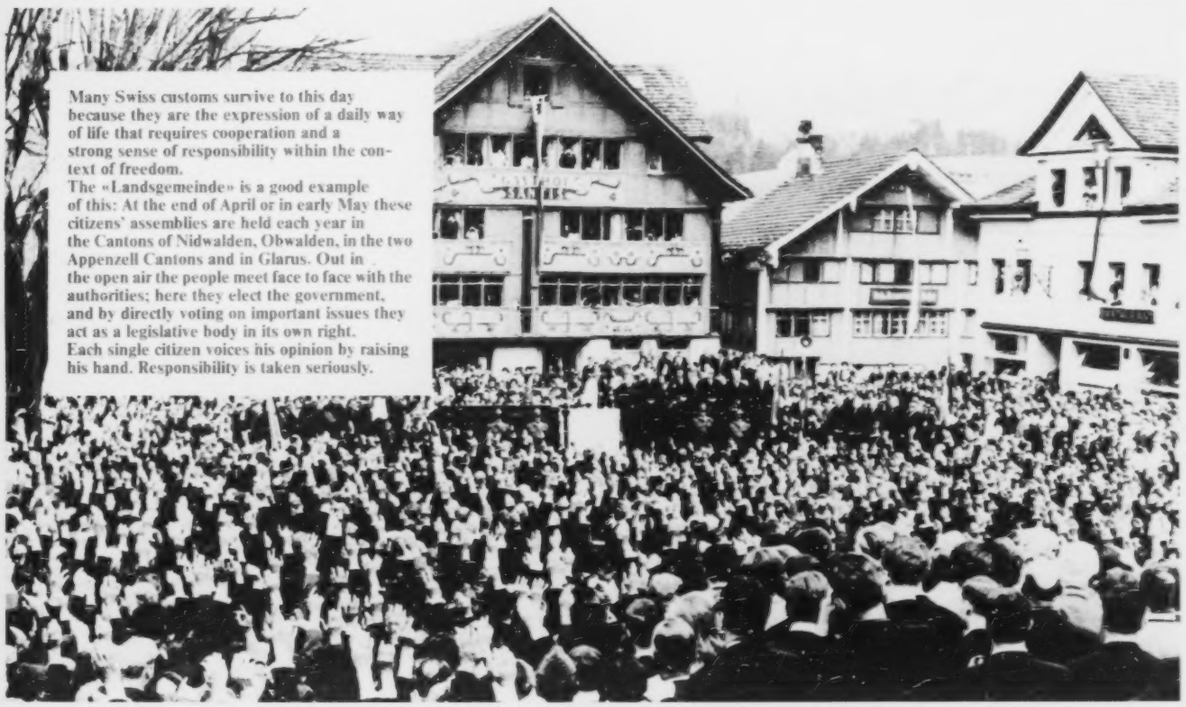
	%
Bankers Trust (int. eq.), N.Y.	23.7
IDS Trust (col), Minn.	23.6
EAFE	21.9
1st Chicago (int. $ fixed)	21.2
1st Chicago (int. eq.)	19.2
U.S. Trust (int. eq.), N.Y.	18.8
American Security (int. eq.)	18.1
Citicorp (int. eq.), N.Y.	18.0
Centerre Trust (int. fd. W), Mo.	17.1
Morgan Guaranty (int. eq.)	16.4
Mellon Bank (int. eq.), Pa.	16.2
Bank of America (int. eq.)	13.3
Bessemer Trust (fund E), N.Y.	11.7
Morgan Guaranty (int. fi.), N.Y.	11.1
1st Chicago (non $ fixed)	9.9
Crocker Natl. (int. eq.), Calif.	8.9

5-year returns

	%
1st Chicago (int. $ fixed)	14.3
Bankers Trust (int. eq.), N.Y.	11.5
EAFE	11.0
U.S. Trust (int. eq.), N.Y.	10.9
1st Chicago (int. eq.)	9.5
Morgan Guaranty (int. eq.)	8.5
Citicorp (int. eq.), N.Y.	8.1
Morgan Guaranty (int. eq.)	6.0
1st Chicago (non $ fixed)	4.1
Crocker National (int. eq.), Calif.	0.6

10-year returns

	%
U.S. Trust (int. eq.), N.Y.	13.6
EAFE	13.4
Morgan Guaranty (int. eq.)	12.4



Many Swiss customs survive to this day because they are the expression of a daily way of life that requires cooperation and a strong sense of responsibility within the context of freedom.
The «Landsgemeinde» is a good example of this: At the end of April or in early May these citizens' assemblies are held each year in the Cantons of Nidwalden, Obwalden, in the two Appenzell Cantons and in Glarus. Out in the open air the people meet face to face with the authorities; here they elect the government, and by directly voting on important issues they act as a legislative body in its own right.
Each single citizen voices his opinion by raising his hand. Responsibility is taken seriously.

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Union investing creates jobs and returns

By Trudy Ring

CHICAGO — Three union pension funds have invested about $20 million in a program officials say will create jobs for union members while providing market rates of return for the funds.

The funds have committed dollars to provide mortgages to buyers of union-built homes. However, the program is set up so the funds will not hold the actual mortgages, but Government National Mortgage Association securities instead.

Investment advisers for the funds said this aspect of the program will help avoid any conflict with the Employee Retirement Income Security Act. The funds probably would buy GNMA securities anyway, they said. Also, the funds will receive market rates of return on their investments, they said.

Funds that have made commitments to the Union Built and Financed Housing Program are the Chicago Plumbers Local 130, United Union of Roofers, Waterproofers and Allied Workers Local 11 and the more than $300 million Chicago District Council of Carpenters. Information on the size of the plumbers' and roofers' funds was not available.

The plumbers committed $10 million — $5 million in new funding and $5 million that was rolled over from a pilot program that was launched two years ago. The other funds committed $5 million each.

This housing development is financed by three union funds.

The funds allocated the money to Amalgamated Trust and Savings Bank, Chicago. The bank will commit the funds to Draper and Kramer Inc., a Chicago-based residential mortgage firm, at a rate comparable to that of intermediate- or long-term mortgage-backed securities.

Draper and Kramer will provide Federal Housing Administration and Veterans Administration mortgage money to selected union builders in Chicago and the surrounding area. The builders will offer 30-year mortgages to home buyers.

As the homes are sold, Draper and Kramer will process, close and finance the mortgage loans. It then will pool the loans and forward its paper work to the GNMA, which will approve Draper and Kramer's mortgage-backed bonds as GNMA securities representing the value of the mortgage loans, said Ron Nelson, senior vice president of Draper and Kramer.

His firm will forward these certificates to Amalgamated Bank for the pension funds' accounts.

The rate of return to the pension funds will be pegged to the VA-established rate for home mortgages, said Ira Frank, Amalgamated Bank president. The rates may fluctuate, as would the rates for U.S. government bonds, he said.

"There's no more risk here than there is in any other government security," he said.

Mr. Frank said the idea for the program came up in discussions with Edward Brabec, former business manager for the plumbers' local and now president of the Chicago Federation of Labor.

"We had many discussions on how the unions could help their own cause," Mr. Frank said. They looked at some housing-related investments done by other unions that ended up in conflict with ERISA for offering mortgages at below-market rates. They also brought Mr. Nelson into their discussions and developed the idea of the Union Built and Financed Housing Program.

With the plumbers' pension fund as sole investor, they launched the pilot program two years ago. The fund got a return of more than 10% on its $5 million investment, Mr. Frank said. This was higher than the seven-year Treasury bill yield at the time, he said.

Union officials who have been connected with the program are enthusiastic about it.

"It's a win-win program," Mr. Brabec said. "While stimulating the demand for housing and creating more jobs for union members, the program allows people to buy a new or rehabilitated home at an affordable price. It also is a way to enhance the overall yield of the pension fund."

Photos by Michael A. Marcotte

A union worker at the Orland Park, Ill., project.

Messrs. Frank and Nelson said the mortgages will be made and securities delivered within nine months. They said they expect the program to finance sales of about 340 homes in Cook County, which includes Chicago, and four surrounding counties.

They said they also hope to draw other union funds into the program. They said unions can target the portion of the Chicago area where their members work, so as to create jobs for them. ■

Proponents fear their demise

ESOPs headed for change

By Rick Rosenfeld

The Reagan administration's proposal for restructuring employee stock ownership plans has ESOP proponents predicting the death of the program, but has opponents calling for more restrictions.

The gist of the proposal is the federal government wants to remove ESOPs from the realm of retirement [illegible] structure them as a [illegible] to employee ow[illegible]

Although [illegible] part of the administ[illegible] II tax reform packa[illegible] key issues concern non-tax questions.

Under the new structure, leveraged ESOPs — plans that borrow money to purchase company stock — no longer would be covered by the Employee Retirement Income Security Act. The package also would give employees under leveraged plans more extensive voting rights, would allow them to sell their stock to outside interests and would enable them to force a non-publicly traded employer to buy back their stock at fair market value three years after the initial allocation.

Corey Rosen, executive director of the National Center for Employee Ownership, a research and information group based in Arlington, Va., said he does not think the changes are practical.

"It's naive," he said. "What they are trying to do is make the system more democratic for employees by making them 'real owners.' Unfortunately, what you will have is a democratic system without any ESOPs."

David Binns, managing director of the ESOP Association, Washington, agreed. "What the government doesn't see is that ESOPs can be good for employers and good for employees," he said. "They want to make it so it's just good for employees. You can't give employees 100% control; no company would be willing to set one up."

But Michael Gordon, a Washington pension attorney, said changes are needed and companies that truly have employee ownership as a goal will not be deterred by the administration's proposal.

"ESOPs are not philosophically designed in the right way under current law . . . and they are not sound retirement policy," Mr. Gordon said. "There are some fundamental conflicts between goals and means.

"Take voting pass-through; philosophically, (ESOP advocates) believe voting pass-through is desirable — employees end up as owners. The problem is, that competes with the needs of outside shareholders. That creates tension.

"It's a no-win game (for employees). (ESOPs) are masqueraded as employee stock ownership, but it's not really employee stock ownership," Mr. Gordon said.

Mr. Gordon said while the administration's proposal — which would take effect Jan. 1 — would be a step in the right direction, it does not attack the root of the problem: companies using ESOPs as a means of tax-subsidized corporate finance.

Ironically, while the Treasury II proposal states "the tax law should not foster arrangements, such as those existing under current law, which purportedly vest the incidents of ownership of employer securities in employees, but which actually defer and, in certain respects, deprive employees of the rights and responsibilities of stock ownership," the actual changes in the tax treatment of ESOPs would be minimal.

Companies still would be able to benefit by deducting both principal and interest costs of ESOP loan repayments up to 25% of eligible employees' combined salaries. Outside stockholders still would be taxed at lower rates when selling stock to the ESOP. Lenders to an ESOP would benefit by excluding from taxable income 50% of the interest collected on the loans.

The main change is that the proposal calls for a specific section of the tax code dealing with leveraged ESOPs but makes no mention of non-leveraged ESOPs. The practical effect, proponents claim, would be to tax employees at a rate as high as 62% on their non-leveraged earnings.

Robert Strickland, chairman of both the Employee Stock Ownership Association and Lowe's Companies Inc., a North Carolina company that is 30% employee owned, said the tax implications are unfair.

"It's absolutely un-American," Mr. Strickland said. "It's incredible to think that the proposal would tax employee ownership that much. Outside investors and fat-cat insiders like me get taxed at 17½% capital gains. But rank-and-file employees (in non-leveraged plans like the Lowe's plan) would be taxed at ordinary income: 35%."

Mr. Strickland said because non-leveraged ESOPs still would be considered retirement plans, employees also could face an additional 20% penalty tax if they retire before they are 59½. In some areas employees would have to pay state tax, as well.

Harry Conaway, attorney/adviser in the Treasury Department's tax policy office, said taxing non-leveraged ESOPs more than their leveraged counterparts was not the intent.

"Our intent is to group all ESOPs together," Mr. Conaway said. "We're not trying to split ESOPs all over the place. You have to remember that this part of the tax proposal is new to Treasury II; it was not in Treasury I at all. Naturally, there are still questions that have to be addressed. It still needs some developing."

Other parts of the proposal ESOP advocates want changed are:

- Allocate stock within an ESOP based on compensation, but only on the first $50,000 earned.
- Limit contributions to a non-leveraged ESOP to 15% of an employee's lifetime compensation.
- Create immediate vesting for employee accounts in leveraged ESOPs, allowing short-term employees to realize a windfall.
- Require a five- to 12-year amortization period for ESOP financing.

Should the administration's position on ESOPs be accepted — a prospect Messrs. Strickland, Binns, Rosen and Gordon all find unlikely — it would mark a dramatic turnaround in government policy.

Since ERISA first incorporated the plans into tax laws in 1974, numerous federal measures have provided incentives for the plans. Estimates on the popularity of ESOPs show they have grown to as many as 7,000 in 1985 from 300 in 1974.

Mr. Strickland and others say the proposal would undo the progress made during the past decade.

"There is no doubt that ESOPs are such a good deal now for the owners," the Treasury Department's Mr. Conaway responded. "Now, when a company sets up an ESOP, there is really no change in who controls the company: the pretransaction owner is the same as the posttransaction owner. We question whether those types of ESOPs are appropriate.

"The basic question is that current rules allow a lot of transactions to occur that shouldn't be tax subsidized. I don't think that 'abuse' is necessarily the right word, though."

Mr. Gordon points to the case of Rath Packing Co., Waterloo, Iowa, as an example of an ESOP gone awry. Rath, which set up an ESOP in 1979 as a last-ditch effort to save the company, gave workers 60% control of the company in return for wage concessions.

"For a while (everybody thought) 'Gee, this is a sterling way to salvage jobs,'" Mr. Gordon said. "But then after awhile, great divisiveness developed. There was a lot of bitterness. It was like an albatross around the necks of everyone involved."

Last winter, faced with rising labor costs and a dying infrastructure, Rath closed its doors, leaving employees with worthless stock.

But Mr. Strickland said for every company like Rath, there are several successful ESOPs. His company's 7-year-old ESOP already has an average account balance of $19,000. Mr. Strickland is quick to point out productivity, profits and taxes paid have skyrocketed. The company's $57.6 million corporate tax bill last year was nearly 90 times the 1971 total. ■

ESOPs with 66% or more employee ownership

Company	No. of employees	% owned
Weirton Steel Corp.	8,000	100
Pamida	5,200	100
Lifetouch	4,000	100
Amer. Cast Iron Pipe Co.	2,900	100
OTASCO	2,500	100
The Okonite Co.	1,900	100
Hyatt Clark Industries	1,400	100
Matthews International	1,250	100
Bureau of National Affairs	1,200	100
Denver Yellow Cab Co-op	1,200	100
Dan River Textiles	11,000	95
The Journal Co.	3,460	90
Halmode Apparel	1,200	89
Science Applications Intl.	6,000	85
W.L. Gore & Assoc.	3,000	85
Publix SuperMarkets	37,000	84
Thomson-McKinnon Securities	3,500	76
Jerell	1,500	70
E-Systems	10,000	68

Source: National Center for Employee Ownership, May 1985

PIPER

Leading funds focus on short-term trends

By Chuck Paustian

Special equity commingled funds designed to take advantage of short-term trends in the economy, such as gains in the regional bank industry and growth in health care, captured the top spots for the quarter and year in the most recent Pensions & Investments' Performance Evaluation Report.

The Standard & Poor's 500 stock index bettered the return of the median PIPER fund for three of the five time periods tracked, all ended June 30.

For three months, one year and three years, the returns of the S&P 500 vs. the median fund were 7.4% and 5.7%; 31.1% and 21.2%; and 26.3% and 23.3%, respectively.

For five and 10 years, the S&P 500 lagged the median fund (16.6% vs. 18.1% for five years, and 12.7% vs. 16.4% for 10 years).

All returns are time weighted; for periods longer than one year, they are compounded annually.

The First National Bank of Neenah, Wis., had the top-performing fund for the quarter. The $5 million regional bank fund returned 19.4% for the period.

"The objective of the fund was to invest in good-quality banks with decent growth records and attractive potential growth in the future. Our key objective was to participate in interstate banking," said Kenneth J. Brusda, vice president and trust investment officer.

He said the fund looks for smaller banks with high takeover potential and waits for the price of the stock to rise when an acquisition is announced. If there is no acquisition, the remaining requirements still provide for a fundamentally sound investment, he said.

"We started investing in that area in 1982 on an individual basis. In order to use this concept more broadly, we decided to create this fund" about a year ago, Mr. Brusda said.

He said the gains from acquired banks were the primary force behind the fund's performance.

"Since the end of June, two of our largest holdings in the fund have announced they have agreed to be acquired and at premium prices," he said. They are **Union Trust Bancorp**, Baltimore, and **Second National Corp.**, Saginaw, Mich.

Other large holdings that performed well for the fund include: **Central Bancorporation Inc.**, Cincinnati; **Suburban Bancorp**, Bethesda, Md.; **Atlantic Bancorporation**, Jacksonville, Fla.; and **First Railroad & Banking Co. of Georgia**, Augusta.

Mr. Brusda said he realizes the fund's performance will not continue indefinitely; he is making plans for the future.

"We're realistic enough to realize it will come to an end," he said. "Over the next two to three years, the concept will be recognized enough that the prices won't be attractive enough to be the sole design of the fund. It still has a ways to go yet.

"I can see us, once we feel the concept has run its course, terminate the fund and use the assets to move into our other funds."

Other top-performing funds for the quarter were Citicorp Investment Management, New York, emerging health care fund, with a return of 15.2%; Michigan National Investment Corp., Bloomfield Hills, 14.3%; Equitable Bank, Baltimore, 13.9%; and Citicorp's special situation fund, 13.4%.

For the one-year period ended June 30, the best performing fund was Citicorp's, which returned 52.2%. Other top-performing funds for the period include Michigan National, with a return of 46.6%; Citicorp's special situation, 43.4%; Fidelity Management Trust Co., Boston, 41.2%; and First National Bank of Minneapolis, 38.3%.

Parag Saxena, assistant vice president at Citicorp, said the $65 million emerging health care fund invests in smaller capitalization companies in the health care industry.

"Our view toward health care is that it's an area that is underinvested," he said.

Mr. Saxena said the revenues of the large drug, hospital supply and hospital management companies account for between $50 billion and $60 billion of total industry revenue, estimated at $387 billion. The balance is made up of smaller companies with strong growth potential.

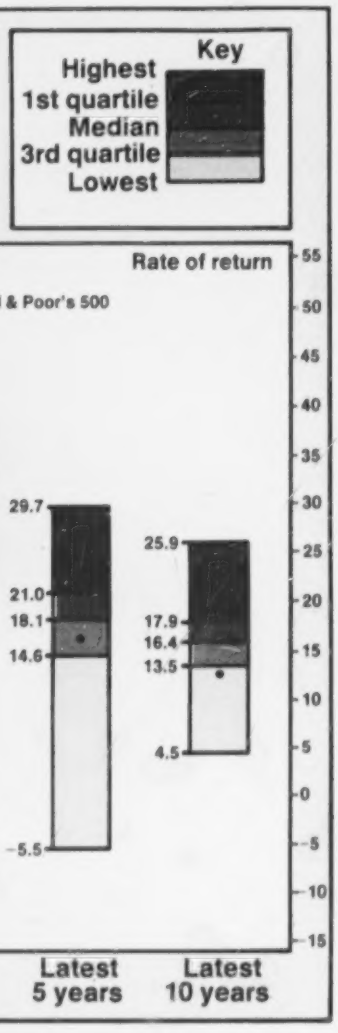
"We think the way to invest in health care is to invest in those rapidly growing companies coming to the capital markets for the

Continued on page 44

Pooled special equity funds of banks and insurance companies.

PIPER report compiled by Rogers, Casey & Barksdale Inc.

All periods ending June 30, 1985, and all figures, except latest quarter, are annualized total returns.



The statistical data are extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by Pensions & Investment Age. *PIPER details comparative performance data on equity and fixed-income funds at more than 200 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.*

Commingled special equity funds

3-month returns

	%
1st of Neenah (Reg. bk. fd.), Wis.	19.4
Citicorp (health care), N.Y.	15.2
Michigan Natl. of Grand Rapids	14.3
Equitable Bank, Md.	13.9
Citicorp (Spec. sit.), N.Y.	13.4
Bankers Trust (Sup. eq.), N.Y.	12.6
Summit Trust Co., N.J.	12.2
Merchants National (Eq. 2), Ind.	10.7
Bank of America, Calif.	10.6
Central Natl. (E.M.), Cleveland	10.3
Mellon Bank, Pa.	9.8
First Pennsylvania Bank	9.2
Citizens & Southern, Ga.	9.1
Norwest Bank, Minn.	9.1
First of Boston (Eq. II), Mass.	8.8
Chase Manhattan (Int. cap.), N.Y.	8.8
Fidelity Mgmt. Trust, Mass.	8.7
Lincoln Natl. Pens., Ind.	8.4
Metropolitan Life (No. 43), N.Y.	8.3
Security Pacific (G), Calif.	8.3
Mutual of New York	8.2
Trust Co. of the West	8.1
Northern Trust, Ill.	7.9
Harris Trust, Ill.	7.8
Seafirst Bank, Wash.	7.5
Citicorp (R.E. stk.), N.Y.	7.5
First of Boston (Eq. yld.), Mass.	7.4
Standard & Poor's 500	**7.4**
First of Neenah (Eq. inc.), Wis.	7.3
Old Second National, Ill.	7.1
Pittsburgh National (QRC), Pa.	7.0
First Wisconsin Trust	7.0
First of Minneapolis (No. 20)	6.6
Trust Co. of Georgia	6.5
Bank of New York (A)	6.5
United Virginia Bank	6.4
Man. Hanover (Sup. eq.), N.Y.	6.4
First Interstate of Nevada	6.3
National Bank of Detroit	6.2
Chase Manhattan (Val. eq.), N.Y.	6.1
MBank, Austin, Texas	6.1
Connecticut National Bank	6.0
Mid-State Bancorp, Pa.	6.0
MTrust, Texas	6.0
CIGNA Corp., Conn.	5.9
Chemical Bank (F), N.Y.	5.9
Central Trust, Ohio	5.9
First of Chicago	5.8
Manufacturers Detroit (I), Mich	5.7

1-year returns

	%
Citicorp (health care), N.Y.	52.2
Michigan Natl. of Grand Rapids	46.6
Citicorp (Spec. sit.), N.Y.	43.4
Fidelity Mgmt. Trust, Mass.	41.2
First of Minneapolis (No. 20)	38.3
First of Neenah, Wis.	38.3
First Trust St. Paul, Minn.	37.9
Citicorp (R.E. stock), N.Y.	37.6
Summit Trust Co., N.J.	36.1
Trust Co. of the West (Spec. eq.)	35.8
Mellon Bank, Pa.	35.4
Metropolitan Life (No. 43), N.Y.	35.3
MBank, Austin, Texas	33.8
First of Boston (Eq. yld.), Mass.	32.7
Seafirst Bank, Wash.	32.5
First Wisconsin Trust	32.5
Bankers Trust, N.Y.	31.9
First of Boston (Eq. II), Mass.	31.4
Standard & Poor's 500	**31.1**
Mutual of New York (Eq. inc.)	30.4
National Bank of Detroit	30.2
First of Maryland	30.0
Old Second National, Ill.	29.5
Merchants National (Eq. 2), Ind.	29.2
Connecticut National Bank	27.4
Oregon Bank	27.3
Lincoln Natl. Pens., Ind.	27.2
Shawmut Bank, Mass.	27.1
First Pennsylvania Bank	26.9
United Virginia Bank	26.8
Wachovia (Div. cap. grow), N.C.	26.5
Security Pacific (G), Calif.	25.6
Sentry Life (A), Wis.	25.0
Bank of America, Calif.	24.8
Trust Co. of Georgia	24.6
HT Investors, R.I.	24.2
Merchants National, Pa.	24.2
Trust Co. of the West (Val. add)	23.6
First National of Tulsa, Okla.	23.5
First of Chicago	23.3
Man. Hanover (Sup. eq.), N.Y.	22.5
First of Neenah (Cap. app.), Wis.	22.0
Norwest Bank, Minn.	22.0
Morgan Guaranty (Sup. op.), N.Y.	21.7
Equitable Bank, Md.	21.6
Merchants National, Ala.	21.5
Chase Manhattan (Int. cap.), N.Y.	21.4

3-year returns

	%
Fidelity Mgmt. Trust, Mass.	41.2
Citicorp (R.E. stock), N.Y.	40.8
Security Pacific (G), Calif.	37.6
Citicorp, N.Y.	36.2
Provident National, Pa.	32.6
First Trust St. Paul, Minn.	32.1
Connecticut National Bank	32.0
Equitable Bank, Md.	31.9
California First Bank	30.3
First of Maryland	30.0
First Pennsylvania Bank	29.5
Natl. City (Eq. R.E.), Cleveland	29.4
First of Boston (Eq. II), Mass.	29.3
Chase Manhattan (Val. eq.)	28.9
Wachovia (Div. spec. val.), N.C.	28.7
United Virginia Bank	28.2
Bankers Trust (Sup. eq.), N.Y.	27.7
Bank of America, Calif.	27.3
First of Chicago	27.0
First of Boston (Eq. yld.), Mass.	26.9
Standard & Poor's 500	**26.3**
National Bank of Detroit	26.3
Mellon Bank, Pa.	26.1
Chase Manhattan (Int. cap)	25.7
Central Natl. (OR), Cleveland	25.3
Equitable Life (Spec. grow)	25.2
Mutual of New York	25.2
Connecticut Bank & Trust	25.0
First Wisconsin Trust	24.9
Norwest Bank, Minn.	24.9
Man. Hanover (Uncommon)	24.9
Prudential (MIDCO), N.J.	24.8
American Security, D.C.	24.7
MTrust, Texas	24.1
Morgan Guaranty (Sup. opp.)	24.1
Lincoln Natl., Pens. Ind.	24.1
Chase Manhattan (Spec. eq.)	24.1
Oregon Bank	23.8
Northern Trust, Ill.	23.5
Citicorp (Growth F), N.Y.	23.4

5-year returns

	%
California First Bank	29.7
Provident National, Pa.	28.9
Citicorp (R.E. stock), N.Y.	26.3
First of Maryland	25.0
MTrust, Texas	24.8
Citicorp (Spe. sit.), N.Y.	24.3
Northern Trust, Ill.	24.0
Bankers Trust (Sup. eq.), N.Y.	23.7
Merchants National, Ala.	23.4
Bank of America, Calif.	22.8
Norwest Bank, Minn.	22.6
Chase Manhattan (Val. eq.)	22.3
First of Chicago	21.9
First Pennsylvania Bank	21.6
First Trust, St. Paul, Minn.	21.2
First of Boston (Eq. II), Mass.	21.0
Continental Illinois (2)	20.6
Northern Central, Pa.	20.3
Chase Manhattan (Spec. eq.)	20.2
Chase Manhattan (Inter. cap.)	19.8
InterFirst Inv. Mgmt., Texas	19.8
United Virginia Bank	19.7
First Interstate of Nevada	19.7
First Wisconsin Trust	19.6
Connecticut Bank & Trust	19.2
First of Boston (Eq. yld.)	19.2
Citicorp (Growth F), N.Y.	19.1
Bank One Dayton, Ohio	18.7
National City, Cleveland	18.7
Mutual of New York	18.1
Standard & Poor's 500	**17.1**

10-year returns

	%
MTrust, Texas	25.9
Equitable Bank, Md.	24.9
California First Bank	22.7
First of Maryland	22.2
Chase Manhattan (Spec. eq.)	20.7
Northern Central, Pa.	20.6
Bankers Trust (Sup. eq.), N.Y.	20.3
Bank of America, Calif.	18.9
National City, Cleveland	18.1
Connecticut Bank & Trust	18.1
Morgan Guaranty (Small), N.Y.	17.6
Provident National, Pa.	17.4
Norwest Bank, Minn.	17.3
Citicorp (Spec. sit.), N.Y.	17.1
Equitable Life (Spec. grow)	16.9
Citicorp (Growth F), N.Y.	16.8
InterFirst Inv. Mgmt., Texas	16.8
Chemical Bank, N.Y.	16.6
Man. Hanover (Spec. eq.), N.Y.	16.4
AmeriTrust, Ohio	16.4
Standard & Poor's 500	**12.7**

Benefit execs' pay compared

A chance at bonuses, as well as bigger paychecks, are among the benefits of being a benefits department manager in a large company.

According to a study conducted by Charles D. Spencer & Associates, a publisher of employee benefits information, a typical executive at a company with 25,000 employees makes about $30,000 more a year than an executive at a company with fewer than 1,000 employees.

The median annual salary for large company department heads is in the $60,000 to $70,000 range. For small companies, that salary range is $35,000 to $40,000. Medium-size companies fall between the two groups, with benefits heads in companies with 1,000 to 5,000 employees earning in the $40,000 to $45,000 range and heads with 5,000 to 25,000 employees making from $50,000 to $60,000.

The study also shows that bonuses are most often offered in larger companies and department heads that qualify usually have high base salaries as well.

While salary and company size showed a fairly strong correlation, the study showed a weak relationship between salary and tenure in benefits departments, especially in larger companies.

In companies with 5,000 or more employees, 35 top salary fund executives had fewer than 11 years experience in benefits, compared with 37 with 11 or more years experience. The study thus interpreted experience as "no guide to salary."

In percentages, however, experience did prove to be linked to salary.

Forty-five percent of large company department heads with at least 21 years experience earn $70,000 or more, compared with 30% for heads with 11 to 20 years experience and 17% for those with 10 or fewer years experience.

Analyst Ross Spencer said his company did not examine percentages in detail in the study, even though the number of respondents in each category was different.

"You obviously looked at the numbers a lot closer than we did," he said.

Leading funds . . .

Continued from page 43

first time," he said.

Some of the fund's largest positions that have performed well include **Applied Biosystems Inc.**, Foster City, Calif.; **Maxicare Health Plans Inc.**, Hawthorne, Calif.; **Mediplex Group Inc.**, Newton, Mass.; and **Healthcare Services Group Inc.**, Huntingdon Valley, Pa.

Mr. Saxena said overcapacity, as measured by hospital beds and physician supply, and cost containment efforts are driving forces behind the growth in health care.

"As long as those two forces stay in place, these kinds of companies will have stellar growth," he said.

For the three-year period, Fidelity Management captured the top spot, with a return of 41.2% for its aggressive equity fund.

Other top funds include Citicorp's real estate stock fund, 40.8%; Security Pacific National Bank, Los Angeles, 37.6%; Citicorp's special situation fund, 36.2%; and Provident National Bank, Philadelphia, 32.6%.

Peter S. Lynch, senior vice president at Fidelity, said about one-third of the $400 million fund is invested in conservative stocks, one-third in growth company stocks and one-third in cyclical stocks.

As part of the conservative strategy, Mr. Lynch said, he sometimes invests in the bonds of companies when the stocks of those companies are less attractive. However, exposure to bonds has been reduced to about 5% of the fund's holdings.

The fund is heavily weighted in the regional bank, automobile, insurance and savings and loan sectors of the market.

"It changes all the time," he said. "In the last six months, we cut back on electric utilities, telephone utilities and food company stocks," he said.

The fund's holdings include **Chrysler Corp.**, Detroit, and **Bank of New England Corp.**, Boston.

The $23 million supplemental equity fund of California First Bank, San Diego, was the best performing fund for the five-year period ended June 30. The fund returned 29.7%.

"Most of the stocks are earnings driven," said William Jeffery, III, president of California First Capital Management, La Jolla.

He said the fund's stocks have market capitalizations between $200 million and $400 million and projected growth of at least 30% in the next two to three years.

Mr. Jeffery said specialty retailers and regional airlines receive the heaviest weighting. He expects exposure to the technology sector will be increased to about 50% from about 20%.

The fund's stock positions include **The Price Co.**, San Diego; **Liz Claiborne Inc.**, New York; **Atlantic Southeast Airlines Inc.**, College Park, Ga.; **Simmons Airlines Inc.**, Chicago; and **Cray Research Inc.**, Minneapolis.

Second for the five years was Provident National, with a return of 28.9%, followed by Citicorp's real estate stock fund, 26.3%; The First National Bank of Maryland, Baltimore, 25%; and MTrust, Houston, 24.8%.

MTrust's special situation growth fund had the best return — 25.9% — for the 10-year period ended June 30.

Hilton Hemphill, president of MSecurities Corp., Dallas, and portfolio manager for the $20 million fund, said the fund invests in growth companies generally with less than $200 million in market capitalization.

"We use smaller capitalization companies that are too small for our larger accounts. (The fund) is an extension of the strategy we use for our larger accounts," said Mr. Hemphill.

He said the fund has light exposure to technology and energy with a heavy weighting on the consumer industry.

"Generally, the small, consumer growth companies comprise about one-half the fund and will continue to. The only change will be to reduce some of the retailing names," Mr. Hemphill said.

Some of the stocks in which the fund invests are **Dillard Department Stores Inc.**, Little Rock, Ark.; **Ames Department Stores Inc.**, Rocky Hill, Conn.; **Catalyst Energy Development Corp.**, New York; and **Aviall Inc.**, Dallas.

Other top-performing funds for the 10-year period include Equitable Bank, 24.9%; California First Bank, 22.7%; First National Bank of Maryland, 22.2%; and Chase Manhattan Bank, New York, 20.7%.

PIPER is compiled by the consulting firm Rogers, Casey & Barksdale, Stamford, Conn. ■

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More action taken on South Africa

By Trudy Ring and Chuck Paustian

South Africa-related investments remain a major issue for tax-exempt funds, with recent actions concerning two states, four university systems and two cities.

• State investment councils in New Mexico and North Dakota have voted to restrict some of their tax-exempt funds' investments in South Africa-related securities.

• A circuit court judge in Michigan upheld a state law prohibiting university endowment funds from holding stocks in companies doing business in South Africa and the Soviet Union.

• Regents of the Arizona University System voted to sell stocks in all companies doing business in South Africa, while a Columbia University trustees committee recommended such action.

• The University of Idaho, Moscow, informally adopted a policy of making sure its investments are in companies fighting apartheid.

• Officials of municipal pension funds in Wichita, Kan., and Norfolk, Va., are considering divestiture.

The New Mexico Investment Council's measure calls for the $2.2 billion State Permanent Fund to divest itself of stocks in all companies doing business in South Africa. The permanent fund helps finance education.

The action does not affect the $1 billion New Mexico Educational

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Late news

Amendment offered

WASHINGTON — The House Education and Labor Committee offered its single-employer reform package as an amendment to a budget reconciliation bill.

The Education and Labor Committee's package, approved along with two similar measures,

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Pensions & Investment Age

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LTV, Pan Am freeze 12 pension plans

By Fred Williams and Chuck Paustian

The LTV Corp., Dallas, and Pan American World Airways Inc., New York, are freezing defined benefit plans and establishing defined contribution plans to keep their already huge unfunded liabilities from growing even larger and to eventually divert to corporate coffers cash that would have gone for pension expenses.

Both companies are financially strapped and previously have searched for ways to raise cash and cut costs, such as selling assets and getting wage concessions from employees.

Specifically, LTV cut wages of salaried employees and eliminated two paid holidays. Those moves, along with the pension ones, will save LTV $50 million to $60 million per year, officials estimate. Its total restructuring, previously announced, is expected to save $500 million during the next 18 months.

"LTV is doing everything it can to muster cash," said John Tumazos, steel analyst at Oppenheimer & Co., New York.

LTV plans to freeze two defined benefit plans, totaling about $350 million in assets, for salaried employees of LTV Steel Co., replacing them with a single defined contribution plan in January.

Company officials said the move will prevent any further growth of its unfunded liability in the salaried plans it is freezing. The steel unit's defined benefit plans had an unfunded liability of $773 million on an ongoing basis as of Dec. 31, 1983.

Pan Am sold its international Pacific division to United Air Lines and plans to raise $200 million through issuance of convertible senior subordinate debentures maturing in 25 years.

The airline, which froze all 10 of its domestic defined benefit plans — with total assets of $1.118 billion — as of Jan. 1, 1984, now is setting up five defined contribution plans and may add one other.

Pan Am's unions agreed, reluctantly, to the moves. "It is an absolute rip-off. They're using the money that should have been paid into the pension plans as a low-interest loan from the IRS," said Star Hesse, member of the Independent Union of Flight Attendants.

Company contributions to the new plans will equal 6% of the previous year's salary, of which 2.5% will be in authorized but unissued common stock of Pan Am Corp., the airline's holding company.

Carl F. Stillwell, director-pensions and group insurance, said such actions eventually will lower Pan Am's pension expense and eliminate its unfunded liability of $448 million (on a termination basis as of Jan. 1, 1984).

In the past, both companies sought permission from the Internal Revenue Service to waive their pension contributions.

Indeed, Mr. Stillwell said freezing benefit accruals in Pan Am's defined benefit plans was one of the conditions of the IRS in granting a waiver of the company's $75.7 million contribution to some pension funds for plan year 1982.

Pan Am has received IRS approval of funding waivers totaling $208.7 million for plan years 1980, 1981 and 1982. A partial waiver of $28.3 million for plan year 1983 is pending; Pan Am has agreed to make the contribution if its

Continued on page 60

International finds four more backers

By Rose Darby

NEW YORK — Four corporate pension funds have injected about $138 million into international investments as three hired international managers and one expanded and reallocated its commitment overseas.

In addition, at least seven other pension funds and one endowment either are searching for international managers or are considering international investment.

The pension funds of U S WEST Inc., Englewood, Colo., and Sperry Corp., New York, hired their first international managers; Weyerhaeuser Co., Tacoma, Wash., reportedly hired three international managers; and International Telephone and Telegraph Corp., New York, terminated one international manager and expanded its total allocation to international investments, giving fresh infusions of cash to three existing managers.

In another development, Morgan Stanley & Co. Inc., New York, has acquired 100% ownership of the publications and stock market indexes of Capital International Perspective, Geneva, Switzerland.

The Capital International World Index and the Capital International Europe Australia Far East Index will be renamed the Morgan Stanley Capital International World Index and the Morgan Stanley Capital International EAFE Index.

U S WEST, with about $5 billion in employee benefit assets, has made its first choices for international management, said Steve Crosby, manager of trust investments.

Putnam International Advisors, Boston, and Capital Guardian Trust Co., Los Angeles, were given $25 million each as core international equity managers, he said.

"Until we are comfortable with this new asset class, we will move cautiously," Mr. Crosby said. "We feel these two managers present our fund with a good risk control program. They control risk by holding a larger number of securities in from 11 to 13 countries.

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REAL ESTATE DIRECTORY

The Rowes Wharf project in Boston is an example of the kinds of investments that real estate advisers are making for their pension fund clients. A *P&I Age* listing of top real estate advisers begins on page 14.

Plan may buy coal property

By Rick Rosenfeld

GREENWICH, Conn. — Penn Central Corp.'s proposal to sell its interest in Pennsylvania coal properties to its $420 million pension trust has received preliminary approval from the Department of Labor.

The property — about 26,000 acres of coal rights in Pennsylvania's Greene and Washington counties — has been leased since 1981 to Conoco, a wholly owned subsidiary of E.I. du Pont de Nemours & Co. The current lease expires in 2023.

Linda Shore, employee benefit plan specialist with the Labor Department, said the lease calls for Penn Central and, therefore, the pension trust if the transaction is approved, to receive quarterly royalty payments of at least $150,000 from Conoco. Royalties for the first quarter of 1985 reached almost $250,000. Because payments are indexed to inflation, Ms. Shore said, the pension trust would continue to receive a fixed flow of real dollar payments for the duration of the lease.

"Because of the type of property involved and because of the lease characteristics, this is not so much a property sale as a selling of a stream of payments over 38 years," Ms. Shore said.

PaineWebber Inc. conducted an independent appraisal of the property and determined a fair market selling price of at least $15.38 million. At that price, the firm calculated, the royalty payments would yield the pension trust a fixed real rate of return of 6% if held through the term of the lease.

Bob Schumacher, assistant treasurer for Penn Central, said the company will reduce the sale price by 2% to cover estimated transaction costs the company would have incurred in selling the property to an unrelated party.

"There is no question this is a better buy for the pension plan than for

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The PIPER monthly indexes track the changes in the Standard & Poor's 500 stock index, the OTC Industrial stock index, the Ryan Index of fixed-income securities and the Shearson Lehman Government/Corporate Bond Index. A story on page 38 takes a look at the pros and cons of the various benchmarks.

PIPER August indexes

	Latest mo.	Year to-date	Trailing 12 mos.
S&P 500	–0.8	16.1	18.3
OTC Inds.	–1.8	17.0	6.4
Ryan Index*	2.0	13.4	25.3
SLAE Gov't./Corp.*	1.8	12.2	23.3

Source: Rogers, Casey and Barksdale Inc.
*Fixed income.

Employers charged with saving 401(k)s

By Joel Chernoff

WASHINGTON — Employers might have to come up with revenue savings in other areas of employee benefits if they hope to save 401(k) plans.

While employers' efforts to defuse the Reagan administration's plans to sharply limit 401(k) salary reduction plans might have sparked the government's incendiary proposal to eliminate them, revenue losses from the plans also were a major factor in the decision.

However, the need to drum up nearly $25 billion in revenue to make President Reagan's tax reform bill "revenue neutral" was reinforced by growing doubts about the plans' legitimacy as retirement income vehicles, a Treasury Department official said.

Those doubts, the official explained, were heightened by employers' pleas to retain early distribution and loan options, and by concerns that the plans do not cover all employees, which made government officials question the plans' usefulness.

Treasury officials decided the plans would not be immune from pressures to make the assets accessible, and thus might turn them into "general purpose savings plans" — voiding their function as retirement income vehicles.

The fast-growing plans have a short but dramatic history. Although created by the 1978 Revenue Act, employers delayed adopting the plans until the Internal Revenue Service confirmed in late 1981 that Congress had endorsed the notion employees could make contributions from pretax dollars.

The IRS' action triggered phenomenal growth. A yearly survey of 250 large employers by Hewitt Associates of Lincolnshire, Ill., found that while none of the companies had such plans in 1981, 1% had them in 1982, 43% had them in 1983 and 74% had them by '84.

Based on a May 1983 Census Bureau survey, the Employee Benefit Research Institute, Washington, estimated 4.8 million participants were eligible for the plans. Recently, it raised its estimate to at least 19 million employees.

That revised data also reveals tremendous potential for revenue lost by the Treasury Department. Treasury Secretary James A. Baker III, in his letter to Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., proposing repeal of the plans, said the government can save some $11.6 billion in revenue through 1990 by repealing the tax-favored nature of plan contributions made after Jan. 1, 1986.

That's more than 2½ times the estimated savings projected by the Treasury Department just 10 months ago, when it projected $4.6 billion would be saved in five years by repealing the plans.

Just looking at one large employer illustrates the tremendous growth potential — and revenue loss — of 401(k)s. In its 14-month lifetime, Shell Oil Co.'s 401(k) has ballooned to $70 million in assets, according to Robert S. MacIntire, plan administrator for the Houston-based company.

The Treasury Department had proposed eliminating the plans in its tax-reform draft of November. But faced with a huge outcry from employers that the plans are valued retirement and savings vehicles, it

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Incentive fees for manager

Kansas to try real estate

By Steve Hemmerick

TOPEKA, Kan. — The $2 billion Kansas Public Employees' Retirement System will make its first move into real estate now that trustees have approved allocating 10%, or $200 million, of its assets there.

Trustees also decided to pay incentive fees to the manager selected to handle the real estate investments — J.W. O'Connor, New York.

Some real estate experts have been critical of pension funds for paying flat fees, rather than incentive fees, to real estate advisers.

Flat fees lead to flat performance because top real estate talent won't work for fixed wages, they charge, while less talented managers will be happy to do so and sit on investments, for which they are paid periodic management fees. But others disagree.

Even so, many pension funds won't pay incentive fees, partly because, some consultants speculate, pension fund executives are afraid of criticism for not following the herd.

But Marshall Crowther, executive secretary for the Kansas fund, said his new adviser has "a stake" in what is done for the pension fund.

Neither Mr. Crowther nor Jerry O'Connor, managing partner of J.W. O'Connor, would explain how the incentive fees will work. Mr. Crowther said only that he believes the incentive is enough to motivate the adviser.

J.W. O'Connor was one of several real estate firms fund officials had asked consultant Callan Associates, San Francisco, to examine.

Ultimately, five finalists — including O'Connor — were selected to make presentations, Mr. Crowther said.

The Kansas state fund chose real estate investing for diversification and to provide a real return in inflationary and deflationary periods.

During the search process, the Kansas board considered investing in pooled equity real estate investments, a common practice for first-time real estate investors.

But board members decided against it because of the large initial allocation to the area and because some members have real estate expertise.

Although the Kansas fund won't co-invest, at least for now, in any O'Connor projects, it has given the firm full discretion (within some set guidelines).

It is unclear how long it will take O'Connor to put the $200 million allocation into the real estate market.

In the guidelines on real estate investment, the Kansas board

Continued on page 63

Terminating raises risks for insurers

By Chuck Paustian and Barry B. Burr

The growing number of pension plan terminations is placing increased burdens and responsibilities on insurance companies to provide the guaranteed annuities to pay billions of dollars of benefits.

About $5 billion in annuities was sold for participants of terminated pension plans between May 31, 1980, and March 4, 1985, according to the Pension Benefit Guaranty Corp. In addition, terminations with liabilities totaling more than $3 billion are pending with the PBGC.

Only a handful of insurers, particularly mutual insurance companies, dominate the business for the large terminations (those with annuities of $100 million or more).

If terminations continue to grow at the current rate, it is possible these few insurance companies will have difficulty writing the annuities to cover the accrued benefits while still maintaining the reserve funds required by law.

(If insurance companies were to decide to allocate their capital to other lines of business, for whatever reasons, there would be fewer assets available for the annuity business, thus creating a reserve strain.

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Late news

Continued from page 1

would close loopholes in the termination insurance program and boost the annual premium to $8.50 per participant, starting next year.

The budget reconciliation bill, which had been passed by the Ways and Means Committee, would increase the premium to $8 for only three years, then drop it back to the current level of $2.60.

Texas Teachers' loan

AUSTIN, Texas — The $11.5 billion Teacher Retirement System of Texas committed $42 million to a participating mortgage loan through L.J. Melody & Co., Houston, according to Joe Perrone, the fund's assistant investment officer for real estate.

The commitment brings the pension fund's allocation to real estate as a percentage of total assets to about 6%, Mr. Perrone said.

Late money movers

• FORT WORTH, Texas — The American Airlines fixed benefit fund, with $1.25 billion in assets, has added three new managers coinciding with the company's annual pension contribution.

Barrow, Hanley, Mewhinney & Strauss Inc., Dallas, and Hotchkis & Wiley, Los Angeles, will run balanced portfolios for the fund. Independence Investment Associates Inc., Boston, will run an equity portfolio using its amplified alpha approach, said Bill Quinn, treasurer.

• MARTINEZ, Calif. — The $445 million Contra Costa County Employees' Retirement Association has switched management of its $48 million passively managed stock fund from the Vanguard Group, Inc., New York, to Alliance Capital Management, New York.

Betty Lanoue, retirement administrator for the Contra Costa fund, said the switch was made because the index assets had been in a mutual fund with Vanguard, and the system's trustees wanted to save on the costs of marketing fees.

The administrator also said the retirement system has hired Balch, Hardy & Scheinman, New York, to write index options or options on particular stocks within the index fund.

• WESTBOROUGH, Mass. — The $330 million New England Power Service Co. pension fund put $23 million into a guaranteed investment contract with State Mutual Life Assurance Co. of America, Worcester.

The money came from the roll-over of another GIC, said Donald Goodwin, manager of investment analysis for New England Power Service. The Boston office of William M. Mercer-Meidinger Inc. assisted in the selection.

• DAYTON, Ohio — The $90 million Dayco Corp. pension fund hired First Union National Bank of Charlotte, N.C., to run a $5 million value-oriented, equity account, according to Steven M. Paul, who is director of treasury operations.

No consultant was used.

• LOS ANGELES — Whittaker Corp. hired two equity managers and released two others for its employee benefit plans, according to Kenneth J. Reardon, director of employee benefits.

Whittaker hired Brignoli, Curley & Roberts Associates, New York, to manage $5 million for the company's $75 million defined benefit plan. The company also hired Cutler and Co. Inc., Medford, Ore., as manager for both its defined benefit plan and its $30 million savings plan. Cutler will run $12 million.

Mr. Reardon would not identify the released managers.

• MONTPELIER, Vt. — The $14 million Vermont Municipal Employees' Retirement System has committed $2.5 million to the National Life of Vermont, Montpelier, for investment in National Pension Properties II fund. It is the fund's first allocation to real estate.

Shifts at Criterion

HOUSTON — Several management and executive changes have been announced at the Criterion Group.

Michael J. Lawch joined Criterion Group as vice president-finance. He will be responsible for the financial activities of Criterion Group and its subsidiaries. Before joining Criterion, Mr. Lawch was vice president and treasurer of AMINOIL Inc.

David O. Wicks Jr. has been elected president of Criterion Investments Inc., the Criterion venture capital subsidiary, and a member of the executive committee. Mr. Wicks will continue as a managing director of Criterion Investments and senior partner of Criterion Venture Capital Partners and Criterion Venture Capital Partners, Bermuda.

M. Scott Albert has been promoted to partner of both Criterion venture partnerships. Crichton W. Brown has been named an associate with Criterion Investments.

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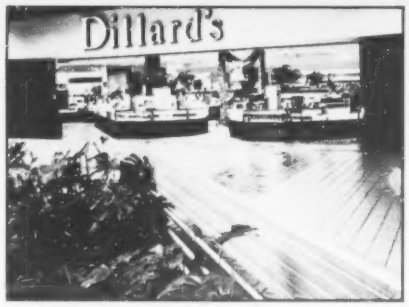
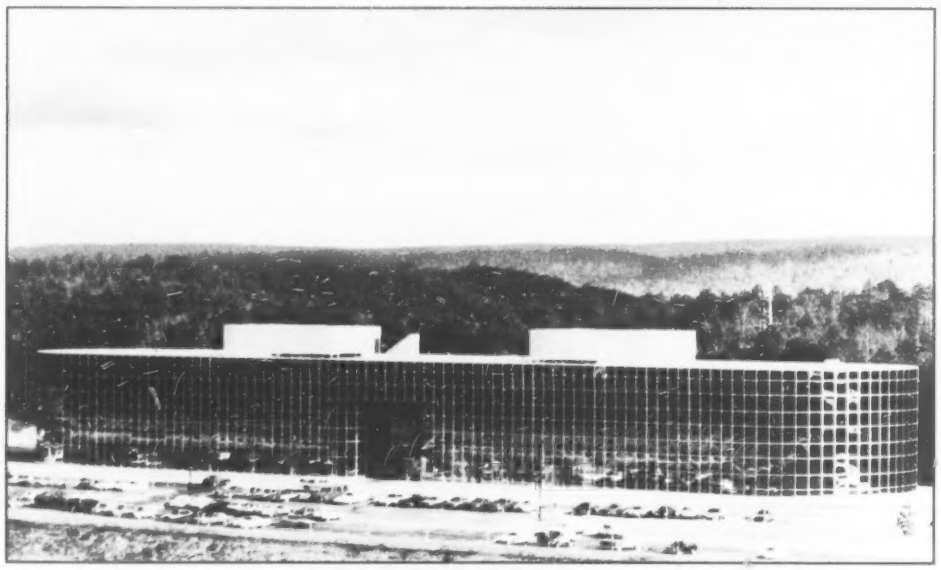
REAL ESTATE DIRECTORY

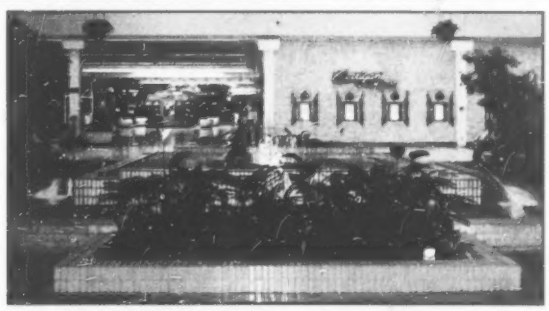
Crocker Center, San Francisco, (right) was purchased by the Prudential Asset Management Co. Equitable Real Estate Group acquired an investment in Lakeside Place, Gaithersburg, Md., (below) for pension clients.

Corporate Property Investors invested in Rockaway Center, Rockaway, N.J., (below) on behalf of tax-exempt clients.

Woodland Hills Mall in Woodland Hills, Calif., (right) was acquired this year by The RREEF Funds. The Southridge Office Building located in Birmingham, Ala., (below) was acquired by Endowment and Foundation Realty Ltd. — JMB-II, a JMB Institutional Realty Corp. fund. Another JMB fund, JMB Group Trust III, acquired a 100% leasehold interest in the Sikes Senter Shopping Center (bottom) in Wichita Falls, Texas.







Prudential leads, but gap narrows

By Alan Krauss

NEW YORK — The gap narrowed between Prudential Asset Management Co. and other real estate managers during the year ended June 30, a *Pensions & Investment Age* survey shows.

Prudential, with $6.4 billion in tax-exempt equity assets, still had half again as much under management as its closest pursuer, Equitable Real Estate Investment Management, with about $4 billion.

In last year's *P&I Age* survey, though, Prudential had more than twice the assets of its nearest competitor.

The Top Five managers of equity-oriented assets (combining real estate equity with hybrid debt) are the same as last year, but in a different order. After slipping to fourth place in 1984, Equitable is back in second this year, while Aetna Life & Casualty rose from fifth to third. The RREEF Funds was bumped to fourth from second, and Corporate Property Investors to fifth place from third.

The other managers on *P&I Age's* Top 10 list for 1985 also are holdovers from last year.

Heitman Advisory Corp. moved to sixth place from seventh; LaSalle Advisors Inc., to seventh from 10th; Aldrich, Eastman & Waltch, to eighth from ninth; F.I.A. Associates, to ninth from sixth; and Copley Real Estate Advisors, to 10th from eighth.

Results of the 1985 survey show that pension funds and other

Continued on page 35

a

ACP Advisers Inc.

400 Park Ave., New York, N.Y. 10022; (212) 826-9700

Total real estate assets managed	$350 million
Equity	$350 million
Tax-exempt real estate assets	$0

As of the year ended June 30, ACP Advisers had $350 million under management.

All of the funds were invested for foreign clients.

The firm did not manage any U.S. tax-exempt assets.

Daniele Bodini, president, and Paul Guthrie, vice president-acquisitions, are in charge of property investments. The client contact is Debra Flanz, director-new business development.

Acquest Capital Management Inc.

300 E. Long Lake Rd., Suite 280, Bloomfield Hills, Mich. 48013; (313) 645-5130

Total real estate assets managed	$42 million
Equity*	$40 million
Mortgages	$2 million
Tax-exempt real estate assets	$34 million
Equity*	$32 million
Mortgages	$2 million
Tax-exempt real estate clients	6

* Combines equity real estate and hybrid debt.

Acquest Capital Management reported $10 million committed to it from three clients for equity real estate investing for the year ended June 30.

The book value of its tax-exempt holdings, as of the same date, was $34 million, all in direct separate accounts. Of the $32 million under management for equity real estate, $9 million was in cash.

The firm's equity investments are 25% in existing properties and 75% in development properties. Assets are invested 30% in light industrial properties; 40%, office properties; 15%, hotels; and 15%, other.

The Dow Chemical Co. and Operating Engineers' Pension Fund are among the clients.

James L. Collins, chairman, is in charge of property investments. David G. Ong, president, is the client contact.

Aetna Life & Casualty

151 Farmington Ave., MB54, Hartford, Conn. 06156; (203) 636-6275

Total real estate assets managed	$17,352 million
Equity*	$3,225 million
Mortgages	$14,127 million
Tax-exempt real estate assets	$2,799 million
Equity*	$2,799 million
Tax-exempt real estate clients	344

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Aetna Life received new business commitments of $650 million from 95 clients for equity real estate and hybrid debt investments.

Of the $2.8 billion listed under equity real estate managed for tax-exempt clients, $242 million was for contributions committed but not yet received; $246 million was in cash; and the firm's property holdings had a market value of $2.3 billion and a book value of $2 billion.

Of the total under management, $2.6 billion was in commingled or pooled equity funds, and $186 million was in direct, separate equity accounts.

By asset vehicle, Aetna had $1.9 billion in 100% real estate equity and $890 million in hybrid debt.

All of the tax-exempt assets are invested in existing properties.

The mix by type of property is: 46% office; 19% retail; 12% R&D; 14% industrial; 5% hotel; and 4% residential.

William M. Russell, senior vice president of Aetna Realty Investors Inc., is in charge of property investments. T. Jerald Moore, vice president, is the client contact.

AgriVest

P.O. Box 996, 500 Winding Brook Drive, Glastonbury, Conn. 06033; (203) 659-3711

Total real estate assets managed	$500 million
Equity*	$50 million
Mortgages	$450 million
Tax-exempt real estate assets	$0

* Combines equity real estate and hybrid debt.

AgriVest had $500 million under management as of June 30, 1985. The firm had no U.S. tax-exempt clients.

Assets are invested in prime agricultural real estate. All assets are in existing properties.

George E. Schwab, president, is in charge of property investments. James B. McCandless, vice president, is the client contact.

Aldrich, Eastman & Waltch

265 Franklin St., Boston, Mass. 02110; (617) 439-9000

Total real estate assets managed	$1,680 million
Equity*	$1,490 million
Mortgages	$190 million
Tax-exempt real estate assets	$1,680 million
Equity*	$1,490 million
Mortgages	$190 million
Tax-exempt real estate clients	27

* Combines equity real estate and hybrid debt.

Aldrich, Eastman & Waltch Inc.'s equity holdings had a market value of $1.49 billion. There was $250 million in debt connected with those properties.

Of the total under management, $510 million was in commingled or poo'ed equity funds, and $1.17 billion was in direct, separate equity accounts.

By asset vehicle, $470 million was in 100% real estate equity and $1.02 billion was in hybrid debt.

The tax-exempt assets are invested 85% in existing properties and 15% in development properties.

The asset mix by type of property is: industrial/R&D, 12%; retail, 20%; office, 65.5%; hotel, 2.5%.

Aldrich, Eastman & Waltch is the real estate investment adviser to the State Street Bank & Trust Co.'s series of closed-end funds.

The funds are collective investment funds that invest in equity and equity-oriented, tax-efficient, inflation-hedged debt instruments, with equity participation in industrial, retail and office commercial properties nationwide.

Thomas G. Eastman, principal, is in charge of property investments. G. William Helm Jr., president, is the client contact.

AMB Investments Inc.

4 Embarcadero Center, 35th Floor, San Francisco, Calif. 94111; (415) 956-5100

Total real estate assets managed	$30 million
Equity	$30 million
Tax-exempt real estate assets	$0

As of June 30, AMB Investments had $30 million in equities under management in taxable accounts. It had no U.S. tax-exempt clients.

Douglas D. Abbey, president, is in charge of property investments and is the client contact.

Am Cal Co.

4730 Woodman Ave., Suite 220, Sherman Oaks, Calif. 91423; (818) 990-3250

Total real estate assets managed	$496 million
Equity*	$366 million
Mortgages	$130 million
Tax-exempt real estate assets	$496 million
Equity*	$366 million
Mortgages	$130 million
Tax-exempt real estate clients	8

* Combines equity real estate and hybrid debt.

In the year ended June 30, Am Cal gained $90 million in new business for equity investments from three tax-exempt clients.

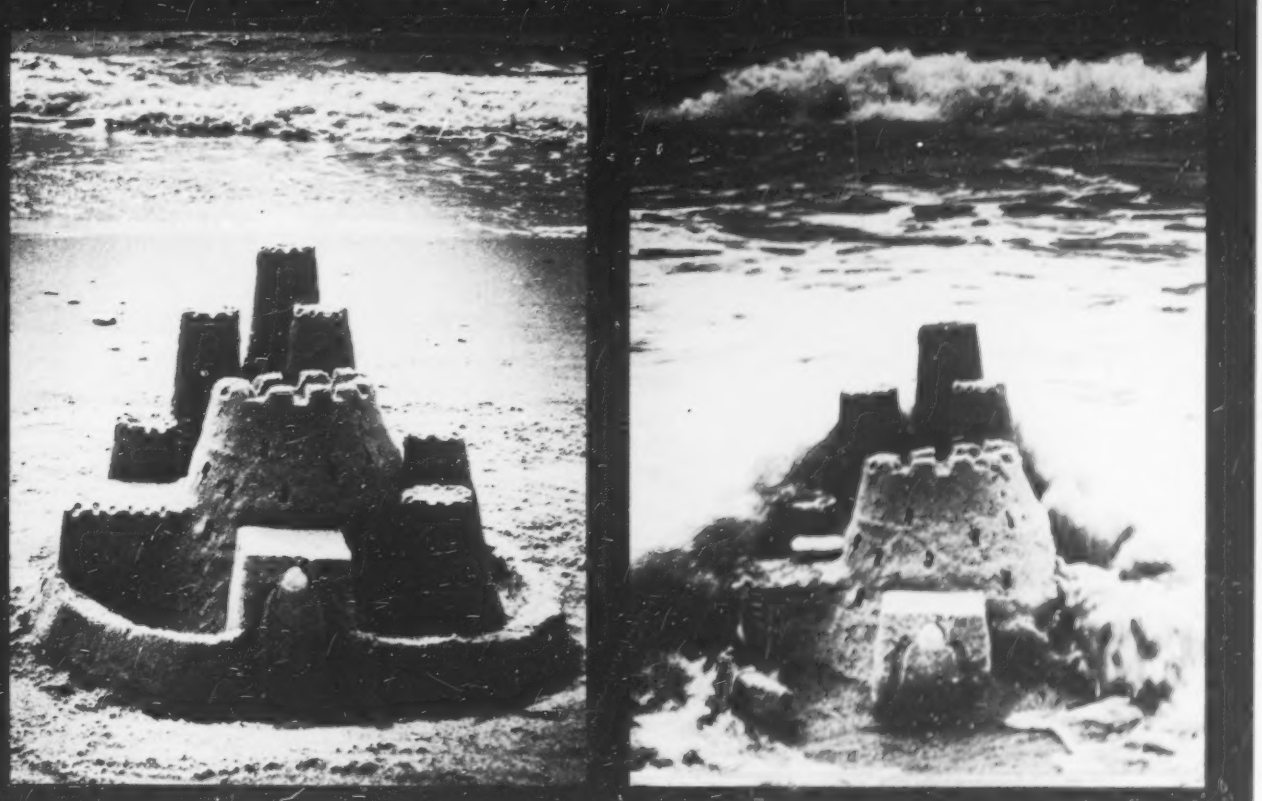
Am Cal had $496 million, all in direct separate accounts, in real estate tax-exempt assets under management. Of the equity holdings, $15 million was in cash, $16 million was for contributions received but not invested, and the market value of properties was $230 million. The book value of the latter was $205 million. In addition, the firm had $130 million in mortgages.

Of the total under management, $366 million was in direct, separate equity accounts, and $130 million was in separate mortgage accounts.

All of the tax-exempt assets are invested in existing properties.

The asset mix by property is 30% office; 10% industrial; 15% retail; 15% hotel; 5% warehouse; 25% residential.

Will Your Real Estate Investment Withstand The Test Of Time?



At any given moment, many real estate investments may seem pretty solid. But what happens when you look beyond their short run return at how they perform against the assault of an ever-changing economic environment?

With a return of 19%, The NCNB Real Estate Fund climbed to the crest of the industry in 1984. But even more importantly, we've cemented our place at the top of the open-end fund universe with an average annual return of 17.3%* over the past five years. Our ten-year average is just as impressive.

In addition, our experienced team of development, architectural, construction, and finance specialists have worked with high quality properties in the thriving Southeast. This effort has produced excellent results through the economy's ebb and flow. Call Mark Coltrin, NCNB Trust Group Vice-President for details at (704) 374-8405.

NCNB REAL ESTATE FUND

NCNB

*As reported by CDA Investment Technologies, Inc. for the period ending 12/31/84.

Missouri State Employees' Retirement System; Hawaii Masons Pension Fund; Southeastern Electrical Retirement Fund; Carpenters Pension Fund for Southern California; and Southern California Development Foundation are among the clients.

James B. McKenna, president, is in charge of property investments. S.Q. DellaGrotta, executive vice president, is the client contact.

American Agricultural Investment Management Co. Inc.

2603 W. 22nd St., Suite 17, Oak Brook, Ill. 60521; (312) 654-6616

Total real estate assets managed	$20 million
Equity	$20 million
Tax-exempt real estate assets	$11 million
Equity	$11 million
Tax-exempt real estate clients	2

As of June 30, American Agricultural Investment Management had $11 million in tax-exempt equity assets under management, all in commingled or pooled funds.

The book value and market value of the holdings was $11 million. The amount of debt connected with properties was $1 million.

All of the tax-exempt assets are invested in farmland.

The firm had two tax-exempt clients, Owens-Illinois and Teamster Affiliates.

H. Joseph Bourn, president, is in charge of property investments and is the client contact.

Aminoff & Co.

9601 Wilshire Blvd., Suite 220, Beverly Hills, Calif. 90210; (213) 858-6700

Total real estate assets managed	$60 million
Equity	$60 million
Tax-exempt real estate assets	$0

For the year ended June 30, Aminoff & Co. had $60 million in equity assets under management. It had no tax-exempt clients.

It managed $20 million for foreign pension funds.

Gary A. Aminoff, president, and Ethan Blumenstrauch, vice president, make property investments. M.J. Segal, vice president, is the client contact.

Angeles Institutional Advisors Inc. (formerly Angeles International Advisors Inc.)

10301 W. Pico Blvd., Los Angeles, Calif. 90064; (213) 277-4900

Total real estate assets managed	$800 million
Equity	NA
Mortgages	NA
Tax-exempt real estate assets	$0

Angeles Institutional Advisors Inc. has more than $800 million invested in real estate. There are no U.S. institutional tax-exempt clients.

All of the assets are invested in existing properties, primarily apartments, offices and shopping centers.

Richard H. Tourtelot, executive vice president-acquisitions, is in charge of property investments. Mark W. Gibello, president, is the client contact.

b

Bank of America Investment Real Estate

180 Montgomery St., Suite 2300, San Francisco, Calif. 94104; (415) 622-3960

Total real estate assets managed	$442 million
Equity	$442 million
Tax-exempt real estate assets	$145 million
Equity	$145 million
Tax-exempt real estate clients	202

For the year ended June 30, Bank of America received new business commitments of $1.8 million from 77 U.S. institutional tax-exempt clients for equity real estate investments.

Of the $145.3 million in equity real estate under management for tax-exempt clients, $17.8 million was in cash; and the firm's property holdings had a market value of $127.5 million and a book value of $113.7 million. The firm used $9.5 million in debt financing for those holdings.

Of the total under management, $83.5 million was in commingled or pooled equity funds, and $61.8 million was in direct, separate equity accounts.

All of the total tax-exempt assets are invested in existing properties. The bank invests in office and residential properties, shopping centers, light industrial and research and development facilities.

William D. Reiss, vice president and director of acquisitions, is in charge of property investments. Jack S. Cooper, vice president and managing director, is the client contact.

Public pension funds issue Oct. 28.

The Bankers Life

711 High St., Des Moines, Iowa 50307; (515) 147-3791

Total real estate assets managed	$5,774 million
Equity	$87 million
Mortgages	$5,687 million
Tax-exempt real estate assets	$33 million
Equity	$33 million
Tax-exempt real estate clients	332

Of the firm's real estate holdings under management, all in equity had a market value of $33.5 million. Those assets were in a commingled fund, and invested in existing properties. There is $4.3 million of debt financing connected with the holdings.

Of the mortgages under management, $4.3 billion was backing general account funding products.

Bankers Life invests in office and industrial buildings, shopping centers and well-diversified residential properties.

Ray L. Hays, associate regional director-commercial real estate, is in charge of making property investments. Dan J. Fitzgerrell, director-pension operations, is the client contact.

The Boston Co. Real Estate Counsel Inc.

1 Boston Place, Boston, Mass. 02106; (617) 722-7190

Total real estate assets managed	$1,239 million
Equity*	$1,239 million
Tax-exempt real estate assets	$1,104 million
Equity*	$1,104 million
Tax-exempt real estate clients	10

* Combines equity real estate and hybrid debt.

As of the year ended June 30, The Boston Co. Real Estate Counsel received new business commitments of $384 million from five clients for equity real estate and hybrid debt investments.

The firm had $1.1 billion equity real estate under management for tax-exempt clients, all in direct separate accounts. Of that, $25 million was in cash. The firm's holdings had a market value of $1.08 billion and a book value of $1.04 billion. There was $136 million in debt connected with those properties.

Of the tax-exempt assets, 88.8% are invested in existing properties and 11.2% are invested in developing properties. The mix by property type is: office, 61.3%; retail, 8.3%; R&D, 5.3%; industrial, 5.3%; and mixed-use, 19.8%.

The firm's holdings are primarily in hybrid debt.

Clients include AT&T, GM, Rockwell International and Texas Teachers' Retirement System.

Mary L. Johnston, senior vice president, is in charge of property investments. Robert A. Radloff, president, is the client contact.

Boston Financial Real Estate Advisors

225 Franklin St., 29th Floor, Boston, Mass. 02110; (617) 542-4475

Total real estate assets managed	$3,100 million
Equity	$650 million
Mortgages	$2,450 million
Tax-exempt real estate assets	$0

As of the year ended June 30, Boston Financial Real Estate Advisors, a new division of the Boston Financial Technology Group Inc., had $3.1 billion under management.

A microcomputer products and services guide for investment managers' personal computers will be featured Oct. 14.

Goldman Sachs Market Leadership

Completing $4 billion in real estate transactions for our clients.

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Goldman Sachs combines technical expertise, market knowledge and creativity to best serve our domestic and international clients. We offer a broad range of traditional and innovative real estate financing services which in the last 12 months included:

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- Accessing public markets worldwide by structuring new forms of debt and equity.
- Sponsoring real estate limited partnership interests for sale to our individual investor clients.
- Providing creative investment management alternatives in real estate for our pension fund investor clients.

Market leadership that Goldman Sachs clients expect. And profit by.

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Real estate investment advisers

Firm	Tax-exempt assets ($ mils.) Equity total	Mortgage total	Real estate total	Total assets ($ mils.) Equity total	Mortgage total	Real estate total
1. Equitable Real Estate	4,007.0	37.2	4,044.2	10,522.3	11,020.1	21,542.4
2. Metropolitan Life	368.0	60.9	428.9	4,936.0	12,960.0	17,896.0
3. Aetna Life & Casualty	2,799.0	0.0	2,799.0	3,225.0	14,127.0	17,352.0
4. Travelers	481.5	76.8	558.3	555.3	11,300.0	11,855.3
5. JMB Institutional Realty	1,372.0	0.0	1,372.0	11,500.0	0.0	11,500.0
6. John Hancock Cos.	673.1	0.0	673.1	2,600.0	7,500.0	10,100.0
7. CIGNA Asset Advisers	777.1	0.0	777.1	1,600.0	7,100.0	8,700.0
8. New York Life	33.0	0.0	33.0	566.0	6,100.0	6,666.0
9. Prudential Asset Mgt.	6,410.0	0.0	6,410.1	6,410.1	0.0	6,410.1
10. Bankers Life	33.5	0.0	33.5	87.2	5,687.0	5,774.2
11. Copley Real Estate	1,390.0	0.0	1,390.0	4,500.0	0.0	4,500.0
12. Citicorp	954.0	70.0	1,024.0	3,050.0	70.0	3,120.0
13. Boston Financial	0.0	0.0	0.0	650.0	2,450.0	3,100.0
14. Corporate Property Inv.	2,385.0	0.0	2,385.0	3,100.0	0.0	3,100.0
15. Massachusetts Mutual Life	48.0	0.0	48.0	285.9	2,692.3	2,978.2
16. MONY Financial Services	69.4	0.0	69.4	705.7	2,231.1	2,936.8
17. New England Mutual Life	0.0	8.0	8.0	0.0	2,900.0	2,900.0
18. RREEF Funds	2,742.0	0.0	2,742.0	2,742.0	0.0	2,742.0
19. LaSalle Advisors Inc.	1,548.5	0.0	1,548.5	2,700.0	0.0	2,700.0
20. Heitman Advisory Corp.	1,786.6	41.9	1,828.5	2,461.0	41.9	2,502.9
21. McNeil Corp., Robert	276.0	0.0	276.0	2,500.0	0.0	2,500.0
22. Grubb & Ellis Co.	202.7	37.4	240.1	1,375.0	37.0	2,412.0
23. Wells Fargo Realty	374.0	271.0	645.0	418.0	1,700.0	2,118.0
24. F.I.A. Associates	1,427.1	0.0	1,427.1	1,427.1	0.0	1,742.1
25. Aldrich, Eastman & Waltch	1,490.0	190.0	1,680.0	1,490.0	190.0	1,680.0
26. Melody & Co., L.J.	516.6	0.0	516.6	735.4	932.8	1,668.2
27. Ellis Inc., Richard	150.0	0.0	150.0	1,424.0	0.0	1,424.0
28. Eastdil Realty Inc.	1,202.7	69.9	1,272.6	1,282.6	139.9	1,422.5
29. Lehndorff & Babson	391.0	0.0	391.0	1,416.0	0.0	1,416.0
30. Phoenix Mutual Life	97.2	0.0	97.2	350.0	958.0	1,308.0
31. Equitec Institutional Realty	57.0	0.0	57.0	1,300.0	0.0	1,300.0
32. Palmieri Co.	250.0	100.0	350.0	800.0	500.0	1,300.0
33. Morgan Investment, J.P.	742.0	0.0	742.0	1,245.0	0.0	1,245.0
34. Boston Co. Real Estate	1,104.0	0.0	1,104.0	1,229.0	0.0	1,229.0
35. Jones Lang Wootton	700.0	0.0	700.0	1,200.0	0.0	1,200.0
36. L&B Real Estate Advisors	501.0	594.0	1,095.0	501.0	594.0	1,095.0
37. Brown Realty Advisors	584.0	0.0	584.0	1,009.0	0.0	1,009.0
38. Security Capital Real Estate	620.0	0.0	620.0	900.0	0.0	900.0
39. TCW Realty Advisors	838.5	0.0	838.5	838.5	0.0	838.4
40. Landauer Advisors Inc.	141.2	0.0	141.2	814.0	0.0	814.0
41. Angeles Institutional	0.0	0.0	0.0	450.0	350.0	800.0
42. Coldwell Banker	798.9	0.0	798.9	798.9	0.0	798.9
43. Karsten Institutional	729.0	9.2	738.2	729.0	9.2	738.2
44. First Chicago	699.0	34.0	733.0	699.0	34.0	733.0
45. Mellon Real Estate	491.0	209.0	700.0	491.0	209.0	700.0
46. Manufacturers Hanover	88.0	588.0	676.0	88.0	588.0	676.0
47. InterFirst Bank Dallas	351.3	5.1	356.4	531.9	92.8	624.7
48. Kennedy Associates	550.0	67.0	617.0	550.0	67.0	617.0
49. NCNB National Bank	613.0	0.0	613.0	613.0	0.0	613.0
50. Wachovia Bank & Trust Co.	579.0	0.0	579.0	602.0	0.0	602.0
51. Schroeder Real Estate	0.0	0.0	0.0	572.0	0.0	572.0
52. Property Capital Advisors	430.0	0.0	430.0	540.0	0.0	540.0
53. Lomas & Nettleton	0.0	525.0	525.0	0.0	525.0	525.0
54. Scudder Realty	62.0	450.0	512.0	62.0	450.0	512.0
55. Agrivest	0.0	0.0	0.0	50.0	450.0	500.0
56. Landsing Corp.	122.0	0.0	122.0	500.0	0.0	500.0
57. Am Cal Co.	366.0	130.0	496.0	366.0	130.0	496.0
58. Loeb Partners Realty	80.0	0.0	80.0	450.0	0.0	450.0
59. Bank of America	145.3	0.0	145.3	441.9	0.0	441.9
60. McMahan Associates	388.0	0.0	388.0	438.0	0.0	438.0
61. Goldman, Sachs & Co.	335.0	0.0	335.0	410.0	0.0	410.0
62. Fiduciary Trust, NY	375.0	0.0	375.0	400.0	0.0	400.0
63. Union Labor Life Insurance	0.0	153.0	153.0	31.0	345.0	376.0
64. ACP Advisers Inc.	0.0	0.0	0.0	350.0	0.0	350.0
65. PM Realty Advisors Inc.	106.2	0.0	106.2	348.2	0.0	348.2
66. Debenham Tewson	0.0	0.0	0.0	250.0	0.0	250.0
67. State Street Bank	236.3	0.0	236.3	236.3	0.0	236.3
68. Crocker Real Estate	181.7	0.0	181.7	198.3	0.0	198.3
69. Trident/Meyer Real Estate	115.0	0.0	115.0	184.0	0.0	184.0
70. Chestertons USA	0.0	0.0	0.0	142.0	0.0	142.0
71. United Trust Fund	0.0	135.0	135.0	0.0	135.0	135.0
72. Lieberman Cos.	0.0	110.0	110.0	0.0	110.0	110.0
73. Pacific Realty Advisors	29.3	0.0	29.3	94.0	0.0	94.0
74. Third National Corp.	22.2	0.0	22.2	87.7	0.0	87.7
75. Russell Trust Co., Frank	78.0	0.0	78.0	78.0	0.0	78.0
76. ICC Realty Advisers Inc.	6.0	70.0	76.0	6.0	70.0	76.0
77. Texas Amer. Bank/Ft. Worth	60.0	7.0	67.0	60.0	7.0	67.0
78. D.A. Mgt. Consultants	11.3	45.0	56.3	21.0	45.0	66.0
79. SUHRCO Real Estate	50.0	0.0	50.0	65.0	0.0	65.0
80. Aminoff & Co.	0.0	0.0	0.0	60.0	0.0	60.0
81. Sarofim Trust Co.	0.0	57.2	57.2	0.0	57.2	57.2
82. McNee Realty Advisors	8.0	49.0	57.0	8.0	49.0	57.0
83. Wagner Southern Forest	0.0	0.0	0.0	50.0	0.0	50.0
84. Chemical Bank	45.7	0.3	46.0	45.7	0.3	46.0
85. Acquest Capital Mgt. Inc.	32.0	2.0	34.0	40.0	2.0	42.0
86. First Wisconsin Trust Co.	6.1	0.0	6.1	20.8	18.0	38.8
87. RepublicBank Dallas	37.8	0.0	37.8	37.8	0.0	37.8
88. AMB Investment Inc.	0.0	0.0	0.0	30.0	0.0	30.0
89. FNB Atlanta	27.2	0.0	27.2	27.2	0.0	27.2
90. United Virginia Bank	23.8	0.0	23.8	23.8	0.0	23.8
91. Hayden Associates Inc.	21 3	2.0	23.3	21.3	2.0	23.3
92. American Agricultural	11.0	0.0	11.0	20.0	0.0	20.0
93. Stanfill Paulson & Co.	0.0	0.0	0.0	15.0	0.0	15.0
94. Harris Trust & Savings	14.0	0.0	14.0	14.0	0.0	14.0
95. Tamarack Investment	12.0	0.0	12.0	12.0	0.0	12.0
96. HT Investors	11.0	0.0	11.0	11.0	0.0	11.0
97. Continental Forest	10.0	0.0	10.0	10.0	0.0	10.0
98. Richardson & Co., T.W.	8.9	0.0	8.9	8.9	0.0	8.9
99. Cambridge Realty Capital	0.0	0.0	0.0	0.0	0.0	0.0
100. Public Storage Inc.	0.0	0.0	0.0	0.0	0.0	0.0

The Equity Group Trust is a $75 million closed-end fund.

An investment committee composed of five people is in charge of making property investments. Duncan Christie and Peter Tague, senior vice presidents, are the client contacts.

Alex. Brown Realty Advisors Inc.

225 E. Redwood St., Baltimore, Md. 21202; (301) 727-3884

Total real estate assets managed ... $1,009 million
Equity* ... $1,009 million
Tax-exempt real estate assets ... $584 million
Equity* ... $584 million
Tax-exempt real estate clients ... 2
* Combines equity real estate and hybrid debt.

As of the year ended June 30, Alex. Brown received new business commitments of $151 million from two clients for equity real estate and hybrid debt investments.

Of the $584 million equity real estate under management for tax-exempt clients, $328 million was for contributions committed but not yet received. The firm's holdings had a book value of $256 million.

All of the holdings and commitments was for hybrid debt, and in direct, separate accounts.

Of the tax-exempt assets invested, 44% are in existing properties and 56% are in development properties.

The asset mix by type of property is: office, 56%; industrial, 7%; hotel, 36%; residential, 1%.

Christopher W. Kurz, vice president, is in charge of property investments and is the client contact.

Cambridge Realty Capital Ltd.

200 W. Superior St., Chicago, Ill. 60610; (312) 943-1911

Total real estate assets managed ... $0

Cambridge Realty Capital Ltd. is a real estate investment banking and consulting firm primarily engaged in the private placement of equity and debt financings or property sales with institutional investors on behalf of its real estate developer/borrower clients. The firm is actively marketing itself as a real estate investment adviser to tax-exempt institutional clients.

For tax-exempt clients the firm plans on allocating its property holdings in office buildings, 60%; shopping centers, 15%; office/service/tech centers, 15%; and apartments, 10%.

Jeffrey A. Davis handles property investments and is the client contact.

Chemical Bank

277 Park Ave., New York, N.Y. 10172; (212) 310-5011

Total real estate assets managed ... $46 million
Equity* ... $45.7 million
Mortgages ... $.3 million
Tax-exempt real estate assets ... $46 million
Equity* ... $45.7 million
Mortgages ... $.3 million
Tax-exempt real estate clients ... 8
Combines equity real estate and hybrid debt.

The bank's equity holdings had a market value of $45.7 million and a book value of $41.8 million. There was $5.8 million in debt connected with those properties.

All assets were in commingled or pooled equity funds.

All assets are invested in existing properties. The asset mix by type of property is: office, 45%; retail, 44%; industrial, 11%.

Clients include Chemical Bank Retirement Plan, Warner Lambert, American Hoechst, Shulton and Barnes Group.

Eric Jurist, vice president, is in charge of property investments and is the client contact.

Chestertons USA

630 Fifth Ave., Suite 3170, New York, N.Y. 10111; (212) 765-1540

Total real estate assets managed ... $142 million
Equity ... $142 million
Tax-exempt real estate assets ... $0

Chestertons USA has no U.S. tax-exempt clients. All of its assets under management are for foreign clients. Of the $142 in million equity real estate under management, $35 million was cash committed but not yet received.

The portfolio had a book value of $102 million and a market value of $107 million. The firm offers direct, separate account management.

Of the total assets, 75% is invested in existing properties and 25% in development properties. Investment types are: office, R&D, regional malls, warehouses.

James J. Brinkerhoff, senior vice president, is in charge of property investments and client contact.

CIGNA Asset Advisers Inc.

Hartford, Conn. 06152; (203) 726-3153

Total real estate assets managed ... $8,700 million
Equity ... $1,600 million
Mortgages ... $7,100 million
Tax-exempt real estate assets ... $777 million
Equity ... $777 million
Tax-exempt real estate clients ... 376

As of the year ended June 30, CIGNA Asset Advisers received new business commitments of $227.9 million from 36 clients for equity real estate investments.

Of the $777.1 million equity real estate under management for tax-exempt clients, $11 million was for contributions committed but not yet received; $159.8 million was in cash; and the firm's property holdings had a market value of $606.3 million.

Of the total, $656.8 million was in commingled or pooled equity funds, and $120.3 million was in direct, separate equity accounts.

The firm's property investments for tax-exempt clients are 73.2% in existing properties and 26.8% funded after construction.

The asset mix by type of property is: office, 39.5%; R&D, 29.8%; industrial, 2.4%; retail, 8.7%; apartments, 13.1%; hotels, 6.5%.

Properties can be existing or developmental. Its investment strategy is to acquire equity investments in office buildings, apartments, research and development, industrial buildings, and shopping centers in the peripheral areas of large metropolitan hubs and in smaller, growth-oriented cities. It will invest in pure equity, joint ventures and construction loans convertible to equity but is not allowed to use third-party leverage.

Some clients are: United Technologies, Alaska Permanent Fund and Warner-Lambert.

Joel Stoesser, vice president-CIGNA Capital Advisers, is in charge of property investments. Stephen Matheson, president-CIGNA Asset Advisers, is the client contact.

Citicorp Investment Management Inc.

One Citicorp Center, 153 E. 53rd St., 15th Floor, New York, N.Y. 10043; (212) 559-9332

Total real estate assets managed ... $3,120 million
Equity* ... $3,050 million
Mortgages ... $70 million
Tax-exempt real estate assets ... $1,024 million
Equity* ... $954 million
Mortgages ... $70 million
Tax-exempt real estate clients ... 81
* Combines equity real estate and hybrid debt.

As of the year ending June 30, Citicorp Investment Management managed $1.02 billion in tax-exempt assets. Of that, $523 million was in commingled or pooled equity funds, and $501 million was in direct, separate equity accounts. In addition, the firm invested $200 million for foreign pension funds.

By investment vehicle, the market value of its 100% real estate equity holdings was $826 million, hybrid debt, $128 million, and mortgages, $70 million.

All of the tax-exempt assets are invested in existing properties.

The commingled funds are Citicorp Real Estate Equity Fund, Real Estate Income Funds I and II, and Participating Mortgage Fund I.

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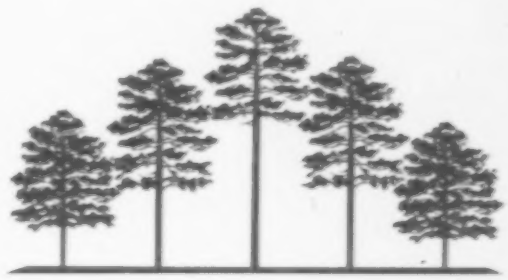

WAGNER SOUTHERN FOREST INVESTMENTS, INC.
Registered Investment Advisers
11 Piedmont Center, Suite 404
3495 Piedmont Road / Atlanta, Georgia 30305
Contact: David S. Graham (404) 239-0986

Clients include General Motors, Westinghouse Electric, Ford and AT&T.

Paul Chronis, vice president-acquisitions, is in charge of property investments. H. Piper Andrews Jr., vice president, is the client contact.

Coldwell Banker Capital Management Services

533 Fremont Ave., Los Angeles, Calif. 90071; (213) 613-3491

Total real estate assets managed	$799 million
Equity*	$799 million
Tax-exempt real estate assets	$799 million
Equity*	$799 million
Tax-exempt clients	40

* Combines equity real estate and hybrid debt.

For the year ended June 30, Coldwell Banker received new business commitments of $189.1 million from nine clients for equity real estate and hybrid debt investments.

Of the $798.9 million in equity real estate under management for tax-exempt clients, $90.6 million was for contributions committed but not yet received; $98.5 million was in cash, and the firm's holdings had a market value of $609.8 million and a book value of $381.3 million. There was $75.1 million in debt connected with those properties.

Of the total under management, $613 million was in commingled or pooled equity funds, and $185.9 million was in direct, separate equity accounts.

By investment vehicle, the firm placed $725.1 million real estate equity and $73.8 million in hybrid debt.

The tax-exempt assets are invested 90% in existing properties and 10% in development properties.

The asset mix by property is: office, 50%; industrial, 30%; retail, 20%.

Some of the tax-exempt clients are: AT&T, ITT, Burroughs, McKnight Foundation and TWA.

Scott Calder, first vice president, is in charge of property investments. James G. Nugent, senior vice president, is the client contact.

Continental Forest Investments Inc.

33 Bull St., Box 8969, Savannah, Ga. 31412; (912) 236-7137

Total real estate assets managed	$10 million
Equity	$10 million
Tax-exempt real estate assets	$10 million
Equity	$10 million
Tax-exempt real estate clients	1

Continental Forest Investments' holdings, which are entirely timberlands, had a market value of $10 million.

W.W. Herbst, vice president, is in charge of property investments. C.E. Bush, manager-operations, is the client contact.

Copley Real Estate Advisors

535 Boylston St., Boston, Mass. 02116; (617) 578-4900

Total real estate assets managed	$4,500 million
Equity	$4,500 million
Tax-exempt real estate assets	$1,390 million
Equity	$1,390 million
Tax-exempt clients	90

As of the year ended June 30, Copley Real Estate Advisors received new business commitments of $328 million from 61 clients for equity real estate investments.

Of the $1.39 billion real estate equity under management for tax-exempt clients, $278 million was contributions received, not invested. The firm's holdings had a market value of $1.1 billion. There was $404 million in debt connected with those properties.

All of the tax-exempt assets were in commingled accounts.

Copley Real Estate Advisors is affiliated with the New England Mutual Life Insurance Co.

Tax-exempt assets are invested 60% in existing properties and 40% in developing properties. The asset mix by type of property is: office, 30%; R&D, 30%; industrial, 35%; other, 5%.

Clients include AT&T, Stanford University, Nabisco Brands and U S WEST.

Kevin M. Mahony, principal, is in charge of property investments. John C. Phillips Jr., principal, is the client contact.

Corporate Property Investors

305 E. 47th St., New York, N.Y. 10017; (212) 421-8200

Total real estate assets managed	$3,100 million
Equity	$3,100 million
Tax-exempt real estate assets	$2,380 million
Equity	$2,380 million
Tax-exempt real estate clients	26

As of the year ended June 30, Corporate Property Investors received new business commitments of $150 million from 12 clients for equity real estate and hybrid debt investments.

The firm's holdings, all equity, had a market value of $2.38 billion and a book value of $745 million. There was $377 million in debt financing used for those properties.

Of the total, $1.36 billion was in real estate investment trusts and $935 million was in limited partnerships.

In addition, the firm invested $450 million for foreign clients, of which $200 million was for pension funds.

Tax-exempt assets are invested 98% in existing properties and 2% in development properties.

Corporate Property Investors invests 80% of its assets in regional shopping centers and other commercial income-producing properties, such as major office buildings.

Disque D. Deare, chairman, is in charge of property investments. Hans C. Mautner, president, and Warren Hamer are the client contacts.

Crocker Real Estate Investment Group

44 Montgomery St., Suite 2110, San Francisco, Calif. 94104; (415) 477-8550

Total real estate assets managed	$198 million
Equity	$198 million
Tax-exempt real estate assets	$182 million
Equity	$182 million
Tax-exempt real estate clients	209

For the year ended June 30, Crocker Real Estate Investment Group reported new commitments of $20 million from two clients for equity

$463,000,000

Copley Investors Limited Partnership

Managed by
Copley Advisors, Inc.

Formed with Real Estate Investments Contributed by
New England Mutual Life Insurance Company

and
Cash Contributed by
Nine Tax-Exempt Investors

BROOKS HARVEY & CO., INC.
acted as advisor in this transaction
MORGAN STANLEY & CO.
Incorporated
acted as placement agent in this transaction

1633 Broadway, New York, NY 10019 (212) 703-2501
515 South Figueroa Street, Los Angeles, CA 90071 (213) 236-1030
1140 Connecticut Avenue, N.W. Washington, D.C. 20036 (202) 833-2840

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ADVISORS,
Inc.

David L. Lindsay
President

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Boston, Massachusetts

real estate investments.

Tax-exempt assets under management were fully invested; the portfolio had a market value of $181.7 million and a book value of $145 million. There was $1.1 million in debt connected with those properties.

Of the total under management, $83.2 million was in commingled or pooled equity funds, and $98.5 million was in direct, separate equity accounts.

Tax-exempt assets were invested 86% in existing properties and 14% in developmental ventures.

The asset mix by type of property was: 40% office; 45% industrial, office/warehouse and R&D; 15% shopping centers.

Crocker clients include: Eastern Airlines, Atlantic Richfield and Contra Costa County Employees' Retirement Association.

N. Anthony Dann, vice president, is in charge of property investments. Walter O. Reichenbacher, vice president and general manager, is the client contact.

d

D.A. Management Consultants Inc.

16541 Gothard, No. 202, Huntington Beach, Calif. 92647; (714) 842-0612

Total real estate assets managed	$66 million
Equity	$21 million
Mortgages	$45 million
Tax-exempt real estate assets	$56 million
Equity	$11 million
Mortgages	$45 million
Tax-exempt real estate clients	1

For the year ended June 30, D.A. Management Consultants reported new business commitments of an additional $11.3 million allocation from its sole tax-exempt client for equity real estate investments.

Of the $56.3 million equity real estate under management for tax-exempt clients, the firm's property holdings had a market value of $11.3 million and the fund had $45 million in mortgages.

All of the total tax-exempt assets are invested in existing office properties.

Its U.S. institutional tax-exempt client is the Orange County Employees' Retirement System.

Daniel M. Ardell, president, is in charge of property investments and is the client contact.

Debenham Tewson & Chinnocks Associates

450 Park Ave., Suite 1902, New York, N.Y. 10022; (212) 758-8218

Total real estate assets managed	$250 million
Equity	$250 million
Tax-exempt real estate assets	$0

For the year ended June 30, Debenham Tewson managed $250 million in equity real estate investments. It had no tax-exempt assets.

The firm invested $250 million for foreign clients, of which $200 million was from pension funds.

The asset mix by type of property is: 75%, offices; 20%, shopping centers; 5%, miniwarehouses.

C.J. Wood, partner, and T.M. Redfern, associate, are in charge of property investments. Mr. Wood is the client contact.

e

Eastdil Realty Inc.

40 W. 57th St., New York, N.Y. 10019; (212) 315-7200

Total real estate assets managed	$1,422 million
Equity*	$1,283 million
Mortgages	$140 million
Tax-exempt real estate assets	$1,273 million
Equity*	$1,203 million
Mortgages	$70 million
Tax-exempt real estate clients	8

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Eastdil Realty received new business commitments of $57 million from five clients for equity real estate and hybrid debt investments.

Of the $1.28 billion in equity real estate under management for tax-exempt clients, $121.8 million was for contributions committed but not yet received; $13.9 million was in cash. The firm's property holdings had a market value of $1.06 billion and a book value of $971.7 million.

Of the total under management, $10.3 million was in commingled or pooled equity funds, and $1.16 billion was in direct, separate equity accounts.

By investment vehicle, $1.074 billion was in 100% equity and $128.6 million was in hybrid debt.

Tax-exempt assets are invested 90% in existing properties and 10% in developing properties. The asset mix by property is: office, 74%; industrial, 15%; shopping centers, 10%; residential, 1%.

The firm offers a closed-end fund.

Clients include California State Teachers, New York State Employees' Retirement System and TREET.

Robert T. Davis, executive vice president, is in charge of property investments. Donald E. Conover, vice president, is the client contact.

Richard Ellis Inc.

350 Park Ave., New York, N.Y. 10022; (212) 355-4810

Total real estate assets managed	$1,424 million
Equity*	$1,424 million
Tax-exempt real estate assets	$150 million
Equity*	$150 million
Tax-exempt real estate clients	1

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Richard Ellis received new business commitments of $150 million from one client for equity real estate and hybrid debt investments.

Of the $150 million equity real estate under management for tax-exempt clients, $15 million was for contributions committed but not yet received. The firm's holdings had a market value of $135 million and a book value of $112 7 million.

By asset vehicle, the firm placed $93 million in 100% equity and $57 million in hybrid debt. All of those assets were in a direct, separate account.

In addition, the firm invested $1.14 billion for foreign clients, of which $1.02 billion was for foreign pension funds.

Tax-exempt assets are invested 86% in existing properties and 14% in development properties. The asset mix by type of property is: office buildings, 48%; regional malls, 41%; industrial, 11%.

The firm had one U.S. tax-exempt client, the San Bernardino County Employees.

Christopher D. Budden, president, is in charge of property investments. David R. Hodes, vice president-marketing, is the client contact.

Equitable Real Estate Investment Management Inc.

1285 Avenue of the Americas, New York, N.Y. 10019; (212) 554-4213

Total real estate assets managed	$21,542 million
Equity*	$10,522 million
Mortgages	$11,020 million
Tax-exempt real estate assets	$4,044 million
Equity*	$4,007 million
Mortgages	$37 million
Tax-exempt real estate clients	289

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Equitable Real Estate received new business commitments of $905.3 million from 99 clients for equity real estate and hybrid debt investments.

Of the $4 billion in equity real estate under management for tax-exempt clients, $190 million was for contributions committed but not yet received; $266.3 million was in cash. The firm's equity and hybrid debt holdings had a market value of $3.55 billion and a book value of $2.93 billion. There was $368.1 million in debt connected with those properties.

Of the total under management, $3.03 billion was in commingled or pooled equity funds, and $979.6 million was in direct, separate equity accounts.

By investment vehicle, the firm had $3.74 billion in 100% equity and $270 million in hybrid debt.

Of the tax-exempt assets invested, 93.5% are in existing properties and 6.5% are in developing properties. The asset mix by type of property, as of Dec. 31, was 24% East; 32% South; 21% Midwest; 23% West.

Clients include RCA, ITT, Exxon and Westinghouse.

George R. Puskar, president and chief operating officer, is in charge of property investments. Joyce R. Frater, senior vice president, is the client contact.

Equitec Institutional Realty Advisers Inc.

7677 Oakport St., Oakland, Calif. 94614; (415) 430-9900

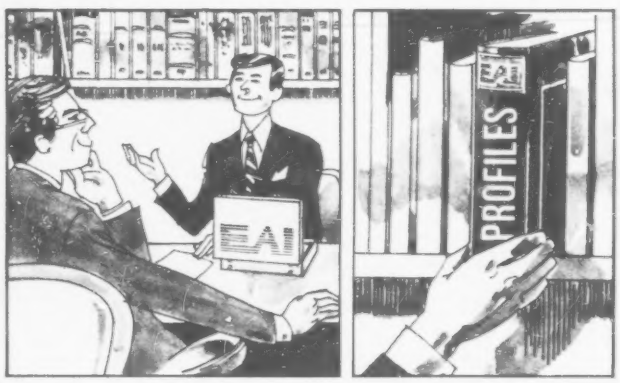
Total real estate assets managed	$1,300 million
Equity	$1,300 million
Tax-exempt real estate assets	$57 million
Equity	$57 million
Tax-exempt real estate clients	10

As of the year ended June 30, Equitec received new business commitments of $52 million from 10 clients for equity real estate and hybrid debt investments.

Of the $57 million equity real estate under management for tax-exempt clients, $21 million was for contributions committed but not yet received; the firm's holdings had a market value of $36 million and a book value of $36 million. There was $6 million in debt connected with those properties.

All of the assets invested for tax-exempt clients was in commingled or pooled equity funds.

The Next Best Thing To An EAI Consultant In Your Office...



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All of the tax-exempt assets are invested in existing, fully leased office properties in major urban areas.

Among Equitec's clients are K Mart Corp., Boise Cascade Corp. and NALCO Chemical.

M.S. Cason, K.E. Nitzberg and R. McDonald are in charge of property investments. Don Jackson, vice president, is the client contact.

f

F.I.A. Associates A Division of First Federal

2045 Hallmark Dr., Suite 4, Sacramento, Calif. 95825; (916) 920-4051

Total real estate assets managed	$1,472 million
Equity*	$1,472 million
Tax-exempt real estate assets	$1,472 million
Equity*	$1,472 million
Tax-exempt real estate clients	4

* Combines equity real estate and hybrid debt

As of the year ended June 30, F.I.A. Associates had $1.43 billion equity real estate under management for tax-exempt clients. Of that, $73.7 million was in cash and the firm's equity and hybrid debt holdings had a book value of $1.35 billion.

Of the total under management, $90 million was in commingled or pooled equity funds and $1.34 billion was in direct, separate equity accounts.

By asset vehicle, the firm placed $401.6 million in 100% equity and $1.025 billion in hybrid debt.

F.I.A. Associates was unable to provide how much it received in new business commitments as of the year ended June 30. During that year, the firm closed deals by investing $912.1 million in equity real estate and hybrid debt for its U.S. tax-exempt clients.

All of the tax-exempt assets are invested in existing properties. The asset mix by type of property is: office buildings, 60%; industrial retail, 8%; retail (free standing), 7%; shopping centers, 11%; mixed use, 10%; apartments, 4%.

The four U.S. institutional tax-exempt clients under real estate management are public: California Employees, Illinois Teachers, Teacher Retirement System of Texas and the Utah State Retirement System.

Norman La Mar, executive vice president, is in charge of property investments. H. James Griggs, president, and David Bonuccelli, senior executive vice president, are the client contacts.

Fiduciary Trust Co. of New York

Two World Trade Center, New York, N.Y. 10048; (212) 466-4100

Total real estate assets managed	$400 million
Equity	$400 million
Tax-exempt real estate assets	$375 million
Equity	$375 million

For the year ended June 30, Fiduciary Trust Co. received new business commitments of $100 million from one tax-exempt client for equity real estate investments.

The firm's holdings had a market value of $375 million.

All of the tax-exempt assets are invested in existing properties.

J. Alan Steinkamp, vice president, is in charge of property investments. Elizabeth Lawrence, business development officer, is the client contact.

First Chicago Investment Advisors

Three First National Plaza, Chicago, Ill. 60670; (312) 732-6474

Total real estate assets managed	$733 million
Equity	$699 million
Mortgages	$34 million
Tax-exempt real estate assets	$733 million
Equity	$699 million
Mortgages	$34 million
Tax-exempt real estate clients	108

For the year ended June 30, First Chicago Investment Advisors received new business commitments of $115 million from 13 clients for equity real estate investments.

Of the $699 million in equity real estate under management for tax-exempt clients, $3 million was for contributions committed but not yet received; $35 million was in cash; and the firm's property holdings had a market value of $661 million and a book value of $549 million.

Of the total under management, $637 million was in commingled or pooled equity funds, and $96 million was in direct, separate equity accounts.

All of the tax-exempt assets are invested in existing properties.

The asset mix by property is: office, 38%; residential, 27%; industrial, 19%; retail, 16%.

Clients include General Motors, Caterpillar, Illinois Municipal Retirement Fund, and the United Food and Commercial Workers.

David A. Schwartz, vice president and acquisitions unit head, is in charge of property investments. J. William Baker, vice president and product manager, is the client contact.

The First National Bank of Atlanta

2 Peachtree St., N.E., Atlanta, Ga. 30383; (404) 588-5104

Total real estate assets managed	$27 million
Equity	$21 million
Tax-exempt real estate assets	$27 million
Equity	$21 million
Tax-exempt real estate clients	5

As of the year ended June 30, The First National Bank of Atlanta received new business commitments of $2.75 million from one client for equity real estate investments.

The firm's equity real estate holdings under management for tax-exempt clients had a market value of $21.4 million and a book value of $19.3 million.

Of the total under management, all $27.2 million was in the bank's commingled equity fund, Timberland II. The fund has five participants. Cash reserves were $5.8 million.

Clients include American Telephone & Telegraph Co. and Equifax Inc.

Robert Chambers, assistant vice president, acquisition forrester, is in charge of property investments. Richard H. Burgin is the client contact.

First Wisconsin Trust Co.

777 E. Wisconsin Ave., Box 2054, Milwaukee, Wis. 53201; (414) 765-4844

Total real estate assets managed	$39 million
Equity	$21 million
Mortgages	$18 million
Tax-exempt real estate assets	$6 million
Equity	$6 million
Tax-exempt real estate clients	37

As of the year ended June 30, First Wisconsin Trust received new business commitments of $1.6 million from seven clients for equity real estate investments.

Of the $6.1 million equity real estate under management for tax-exempt clients, $1.9 million was in cash. The firm's holdings had a market value of $4.2 million and a book value of $4.1 million. All $6.1 million was in commingled or pooled equity funds and invested in existing properties.

The asset mix by type of property is: office, 49%; office/warehouse, 27%; retail, 24%.

Earl D. Lillydahl, vice president-investment group, handles property investments and is the client contact.

g

Goldman, Sachs & Co.

85 Broad St., New York, N.Y. 10004 (212) 902-5628

Total real estate assets managed	$410 million
Equity	$410 million
Tax-exempt real estate assets	$335 million
Equity	$335 million
Tax-exempt real estate clients	13

As of the year ended June 30, Goldman, Sachs received new business commitments of $112 million from six clients for equity real estate investments.

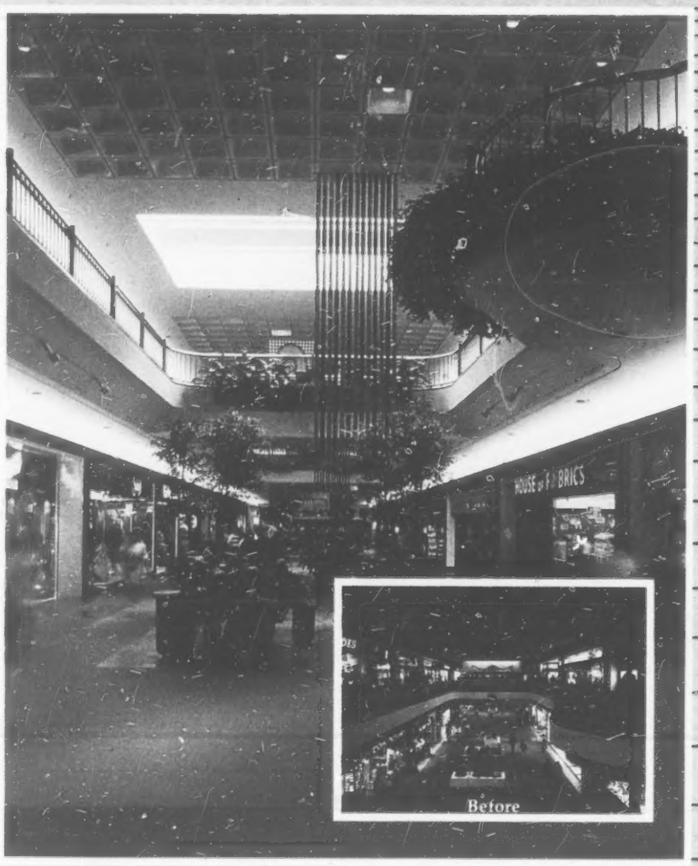
Of the $335 million in equity real estate under management for tax-exempt clients, $50 million was for contributions committed but not yet re-

ASSET MANAGEMENT

Performance

Richard Ellis

Tradition



Los Angeles

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Real Estate Investment Advisers

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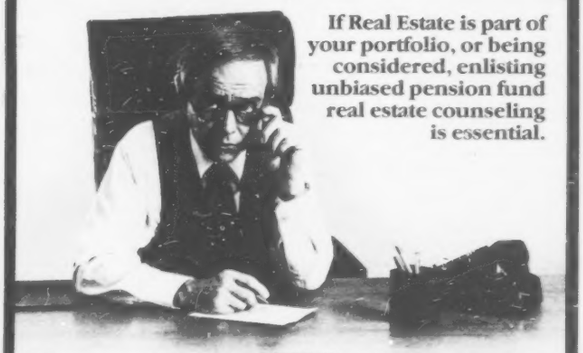

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or Pat Martin
115 S. LaSalle St.
Chicago, IL 60603
(312) 346-9172

BOSTON
Contact Evan Weston
80 Williams Street
Wellesley, MA 02144
(617) 235-2350

ceived and $42 million was in cash. The firm's property holdings had a market value of $243 million and a book value of $194 million. There was $4 million in debt connected with those properties.

All tax-exempt assets were in commingled or pooled equity funds.

All tax-exempt assets are invested in existing properties. The firm invests primarily in larger office and industrial buildings, shopping centers and hotels. Investments are made in major metropolitan centers nationwide.

Claude M. Ballard, partner, is in charge of making property investments. John L. Griffith Jr., vice president, is the client contact.

Grubb & Ellis Co. Institutional Investment Division

1333 Broadway, Suite 900, Oakland, Calif. 94612; (415) 839-9600

Total real estate assets managed	$2.412 million
Equity*	$1.375 million
Mortgages	$37 million
Tax-exempt real estate assets	$740 million
Equity*	$303 million
Mortgages	$37 million
Tax-exempt real estate clients	4

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Grubb & Ellis received new business commitments of $40 million from one client for equity real estate and hybrid debt investments.

Of the $202.7 million in equity real estate under management for tax-exempt clients, $42 million was for contributions committed but not yet received. The firm's property holdings had a market value of $160.7 million and a book value of $159.5 million. There was $15.5 million in debt connected with those properties.

All tax-exempt assets under management were in direct, separate equity accounts.

Of the tax-exempt assets invested, 99% are in existing properties and 1% are in development properties. The asset mix by type of property is: R&D buildings, 95%; industrial, 2%; office buildings, 3%.

Clients include Kern County Employees' Retirement Association and San Diego Electrical Pension Trust.

Paul J. Weiss, senior vice president-institutional investment division, is in charge of property investments and is the client contact.

Top ten managers by new business

Firm	Tax-exempt assets ($ mil.)
Equitable Real Estate Investment Mgt.	$905.3
Aetna Life & Casualty	650.0
Heitman Advisory Corp.	562.0
Karsten Institutional Realty Advisors	532.0
Jones Lang Wootton Realty Advisors	500.0
Boston Co. Real Estate Counsel Inc.	384.0
JMB Institutional Realty Corp.	383.0
LaSalle Advisors Inc.	377.0
RREEF Funds	360.0
Copley Real Estate Advisors	328.0

h

John Hancock Companies

P.O. Box 111, John Hancock Place, Boston, Mass. 02117; (617) 421-6294

Total real estate assets managed	$10.100 million
Equity	$2.600 million
Mortgages	$7.500 million
Tax-exempt real estate assets	$673 million
Equity	$673 million
Tax-exempt real estate clients	74

As of the year ended June 30, John Hancock Companies received new business commitments of $27 million from eight clients for equity real estate and hybrid debt investments.

Of the $673.1 million in equity real estate under management for tax-exempt clients, $2.5 million was in cash, and property holdings had a market value of $670.6 million. There was $5.6 million in debt connected with those properties.

All of the assets under management were in commingled or pooled equity funds and invested in existing properties.

The asset mix by type of property is: apartments, 11%; office, 39%; industrial, 34%; hotel, 2%; retail, 11%; timber, 3%.

Kevin McGuire, second vice president and senior portfolio manager, Equity Real Estate Group, is in charge of property investments. Thomas J. Mizo, real estate investment officer-investment marketing, is the client contact.

Harris Trust & Savings Bank

111 W. Monroe St., Chicago, Ill. 60690; (312) 461-6346

Total real estate assets managed	$14 million
Equity*	$14 million
Tax-exempt real estate assets	$14 million
Equity*	$14 million
Tax-exempt real estate clients	115

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Harris Trust received new business commitments of $3 million from 12 clients for equity real estate and hybrid debt investments.

Of the $14 million in equity real estate under management for tax-exempt clients, $2 million was for contributions committed but not yet received. The firm's holdings had a market value of $12 million and a book value of $11 million. All $14 million was in the bank's Income Property Fund, an open-end, commingled fund.

By asset vehicle, that fund had $12 million in 100% real estate equity and $2 million in hybrid debt.

The asset mix by type of property is: industrial 45%; retail 37%; office 18%.

Clients include South Chicago Community Hospital and Gerber Plumbing Fixtures Corp.

John K. Rutledge, vice president, is in charge of property investments and is the client contact.

Hayden Associates Inc.

One Regency Drive, P.O. Drawer 708, Bloomfield, Conn. 06002; (203) 243-1481

Total real estate assets managed	$23 million
Equity	$21 million
Mortgages	$2 million
Tax-exempt real estate assets	$23 million
Equity	$21 million
Mortgages	$2 million
Tax-exempt real estate clients	1

As of the year ended June 30, Hay

Courtesy of the United States Golf Association

We don't try for long shots either.

His name was Walter Travis, the "Old Man" of golf. Though he did not pick up a bag of clubs until age 35, four years later he was among the most successful golfers in the world. His secret: Short, accurate drives and flawless putting.

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WESTWOOD SAVINGS AND LOAN ASSOCIATION FSLIC

den Associates received new business commitments of $14.5 million from one client for equity real estate and investments.

The firm's equity holdings for its U.S. tax-exempt client had a market value of $20.2 million and a book value of $20 million.

There was $1.1 million in debt connected with those properties.

All assets under management are in direct separate account investment management and invested in existing properties.

The asset mix by type of property is: 37.7% office; 47.6% industrial; and 14.7% hotel.

Its U.S. institutional tax-exempt client under real estate management is a public fund, the New Hampshire Retirement System.

David C. Tolzmann, president, is in charge of property investments and client contact.

Heitman Advisory Corp.

180 N. LaSalle St., Chicago, Ill. 60601; (312) 855-5700

Total real estate assets managed	$2,503 million
Equity*	$2,461 million
Mortgages	$42 million
Tax-exempt real estate assets	$1,828 million
Equity*	$1,786 million
Mortgages	$42 million
Tax-exempt real estate clients	17

* Combines equity real estate and hybrid debt.

For the year ended June 30, Heitman Advisory Corp. received new business commitments of $562 million from 14 clients for equity real estate and hybrid debt investments.

Of the $1.79 billion in equity real estate under management for tax-exempt clients, $360 million was for contributions committed but not yet received; $19 million was in cash, and holdings had a market value of $1.38 billion.

Of the total under management, $224 million was in commingled or pooled equity funds, $1.55 billion was in direct, separate equity accounts, and the mortgage holdings were in direct, separate accounts.

By asset vehicle, the equity holdings were $1.59 billion in 100% equity and $194.65 million in hybrid debt.

In addition, the firm invested $254 million for foreign pension funds.

Of the total tax-exempt assets invested, 96% are in existing properties and 4% are in development properties. The asset mix by property is: shopping centers, 19%; office buildings, 39%; industrial parks, 11%; mixed use, 31%.

Clients include AT&T, Sara Lee, Kentucky Retirement Systems and Pacific Lighting Corp.

Norman Perlmutter, chairman, is in charge of property investments. David M. Glickman, executive vice president, is the client contact.

HT Investors

One Hospital Trust Plaza, Providence, R.I. 02903; (401) 278-7606

Total real estate assets managed	$11 million
Equity	$11 million
Tax-exempt real estate assets	$11 million
Equity	$11 million
Tax-exempt real estate clients	19

Of the $11 million equity real estate under management for tax-exempt clients, $3 million was in cash. The firm's holdings had a market value of $8 million and a book value of $7 million. There was $2 million in debt connected with those properties.

All of the assets under management were in commingled equity funds.

Dan Woolley, vice president, and Elaine A. DeLeon, investment assistant, are in charge of property investments and are the client contacts.

ICC Realty Advisers Inc.

56 E. Pine St., Suite 200, Orlando, Fla. 32801; (305) 841-6241

Total real estate assets managed	$76 million
Equity	$6 million
Mortgages	$70 million
Tax-exempt real estate assets	$76 million
Equity	$6 million
Mortgages	$70 million
Tax-exempt real estate clients	28

ICC Realty Advisers Inc. property holdings had a market value of $6 million and a book value of $3.3 million as of June 30. The firm also had $70 million earmarked for mortgage investments. Of that, $50 million is in cash and $20 million is in commitments, with cash not yet received.

Of the property holdings, 12% are in existing properties and 88% are for development properties. The asset mix by property type is: office, 80%; hotel, 20%.

Clients include the IBEW Local 323 Annuity Fund.

Byron W. Giltz, president, is in charge of making property investments and is the client contact.

InterFirst Bank Dallas

P.O. Box 83794, Dallas, Texas 75283; (214) 977-4650

Total real estate assets managed	$625 million
Equity*	$522 million
Mortgages	$93 million
Tax-exempt real estate assets	$356 million
Equity*	$351 million
Mortgages	$5 million
Tax-exempt real estate clients	163

* Combines equity real estate and hybrid debt.

For the year ended June 30, InterFirst Bank Dallas received new business commitments of $20 million for equity real estate and hybrid debt investments.

The firm's property holdings had a market value of $341.3 million and a book value of $304.7 million. There was $10 million in debt connected with those properties.

Of the total under management, $97.3 million was in commingled or pooled equity funds, and $254 million was in direct, separate equity accounts. The mortgage holdings were also in direct, separate equity accounts.

By asset vehicle, the real estate equity holdings were $319.3 million in 100% equity and $32 million in hybrid debt.

Tax-exempt assets are invested 97% in existing properties and 3% in developing properties. The asset mix by property is: office, 67%; retail, 6%; industrial, 20%; and land, 7%.

The open-end funds are InterFirst Corporation Real Estate Collective Investment Fund and InterFirst Corporation Real Estate Fund for Endowments and Foundations.

Clients include AT&T and Celanese.

Sam T. Kincaid II, vice president, and Michael D. Palise, assistant vice president, are in charge of property investments. Robert H. Berger, vice president, is the client contact.

JMB Institutional Realty Corp.

875 N. Michigan Ave., Suite 3960, Chicago, Ill. 60611; (312) 440-5000

Total real estate assets managed	$11,500 million
Equity*	$11,500 million
Tax-exempt real estate assets	$1,372 million
Equity	$1,372 million
Tax-exempt real estate clients	130

* Combines equity real estate and hybrid debt.

As of the year ended June 30, JMB Institutional Realty received new business commitments of $383 million from 50 clients for equity real estate investments.

Of the $1.37 billion under management for tax-exempt clients, $260 million was for contributions committed but not yet received, $12 million was in cash, and the firm's holdings had a market value of $1.1 billion and a book value of $745 million. There was $231 million in debt connected with those properties.

Tax-exempt assets are invested 93% in existing properties and 7% in development properties. The asset mix by type of property is: office buildings, 41%; retail properties, 59%.

There are seven commingled or pooled funds.

Clients include Alaska Permanent Fund, Xerox, State of Connecticut and Stanford University.

Jerome J. Clayes, executive vice president, JMB Realty Corp., is in charge of property investments. John S. Lillard, president, JMB Institutional Realty Corp., is the client contact.

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Quite a few years ago, Wachovia developed a new formula for pension fund real estate investment — a formula so unique and yet so effective (see the chart at left), it took Wachovia to conceive it.

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When demand for real estate is up, Wachovia develops land previously acquired, creating value to add to the portfolio at lower cost. Our active, hands-on involvement in development and management is our assurance of enduring property quality.

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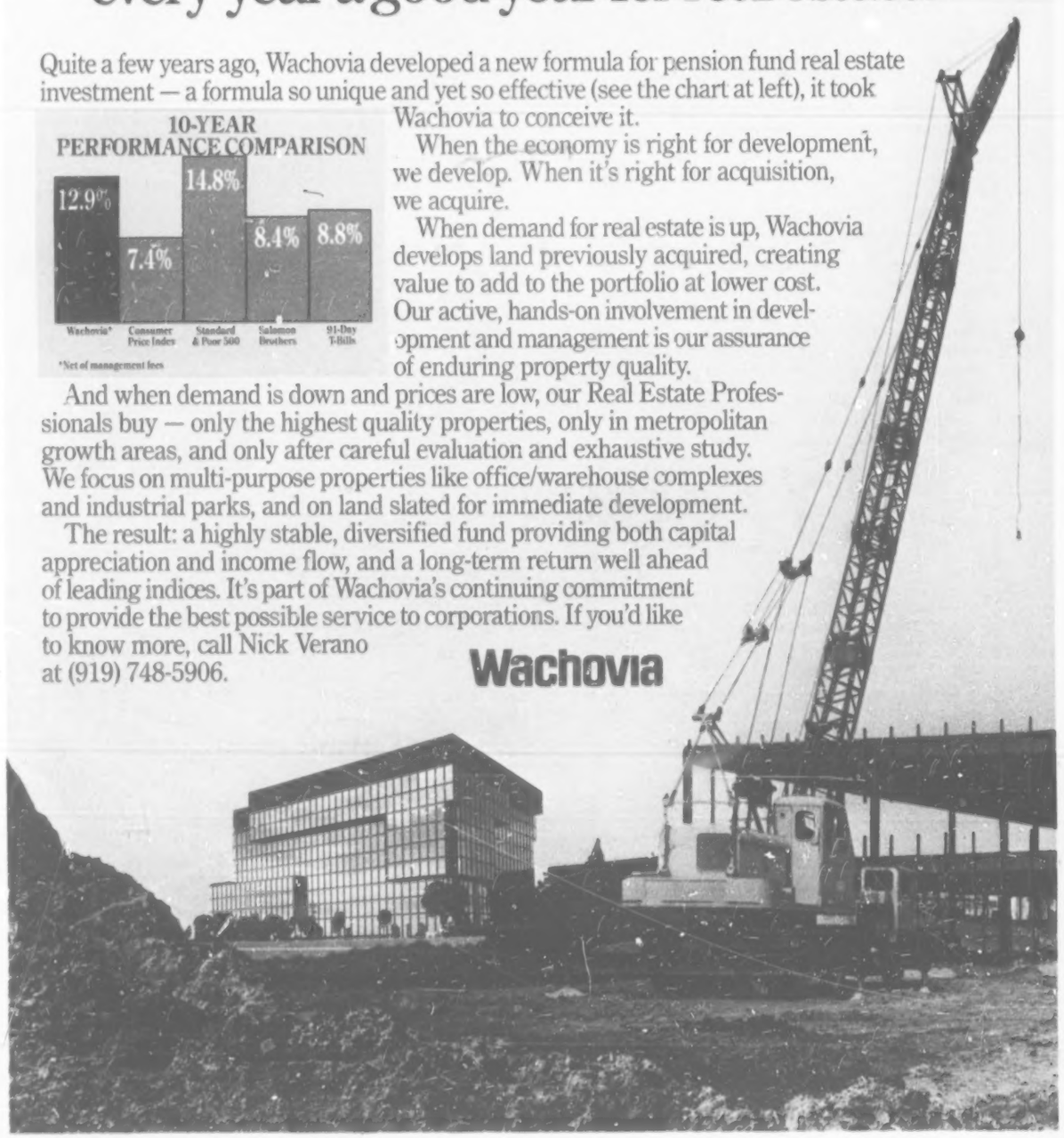
The result: a highly stable, diversified fund providing both capital appreciation and income flow, and a long-term return well ahead of leading indices. It's part of Wachovia's continuing commitment to provide the best possible service to corporations. If you'd like to know more, call Nick Verano at (919) 748-5906.

Wachovia



Directory

Jones Lang Wootton Realty Advisors

499 Park Ave., New York, N.Y. 10021; (212) 688-8181

Total real estate assets managed	$1,200 million
Equity*	$1,200 million
Tax-exempt real estate assets	$700 million
Equity*	$700 million
Tax-exempt real estate clients	4

As of the year ended June 30, Jones Lang Wootton received new business commitments of $500 million from four clients for equity real estate and hybrid debt investments.

Of the $700 million equity real estate under management for tax-exempt clients, $350 million was for contributions committed but not yet received. The firm's holdings had a book value of $350 million. There was $50 million in debt connected with those properties.

All of the funds were in direct, separate equity accounts.

By asset vehicle, the tax-exempt equity assets were $450 million in 100% equity and $250 million in hybrid debt.

In addition, the firm invested $500 million for foreign pension funds, of which $350 million was for foreign pension funds.

Of the total tax-exempt assets invested, 50% are in existing properties and 50% are in development properties. Investments are made in major U.S. commercial properties.

The tax-exempt clients under real estate management by the firm are Pennsylvania Public School Employees, U.S. Steel, U S WEST Inc. and Pacific Telesis.

John A. Weisz, Stephen J. Furnary and Frank L. Sullivan are in charge of property investments and are the client contacts.

k

Karsten Institutional Realty Advisors

12121 Wilshire Blvd., Suite 900, Los Angeles, Calif. 90025; (213) 826-0035

Total real estate assets managed	$738 million
Equity	$729 million
Mortgages	$9 million
Tax-exempt real estate assets	$738 million
Equity	$729 million
Mortgages	$9 million
Tax-exempt real estate clients	16

As of the year ended June 30, Karsten Institutional Realty received new business commitments of $532 million from 14 clients for equity real estate investments.

Of the $729 million equity real estate under management for tax-exempt clients, $383 million was for contributions committed but not yet received; $44 million was in cash. The firm's holdings had a market value of $311.2 million and a book value of $296.2 million. There was $9.4 million in debt connected with those properties.

Of the total under management, $44 million was in commingled or pooled equity funds, and $694.2 million was in direct, separate equity accounts.

All of the total tax-exempt assets are invested in existing properties. The asset mix by type of property is: office buildings, 40%; shopping centers, 30%; industrial properties, 30%.

Clients include Ohio State Teachers and Teamster Central States.

Hugh G. Hilton, senior vice president, is in charge of property investments. John M. Lundsten, chairman, is the client contact.

Kennedy Associates Real Estate Counsel Inc.

2400 Financial Center Building, Seattle, Wash. 98161; (206) 623-4739

Total real estate assets managed	$817 million
Equity*	$550 million
Mortgages	$67 million
Tax-exempt real estate assets	$817 million
Equity*	$550 million
Mortgages	$67 million
Tax-exempt real estate clients	11

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Kennedy Associates Real Estate Counsel received new business commitments of $100 million from two clients for equity real estate and hybrid debt investments.

Of the $550 million equity real estate under management for tax-exempt clients, $100 million was for contributions committed but not yet received; $60.5 million was in cash. The firm's holdings had a market value of $389.5 million and a book value of $367 million. There was $16 million in debt connected with those properties.

Of the total under management, $231 million was in commingled or pooled equity funds, and $319 million was in direct, separate equity accounts.

By asset vehicle, the firm placed $187 million in 100% real estate equity and $363 million in hybrid debt.

Of the total tax-exempt assets invested, 77.5% are in existing properties and 22.5% are in development properties. The asset mix by type of property is: office, 64.7%; retail, 7.5%; hotel, 2.5%; mixed use, 1.8%; industrial, 10%; office R&D, 12.2%; and condo/land, 1.3%.

Jim C. Snyder, president, is the person in charge of making property investments. Michael T. Oliver, vice president, is the client contact.

l

Landauer Advisors Inc.

335 Madison Ave., New York, N.Y. 10017; (212) 687-2323

Total real estate assets managed	$814 million
Equity*	$814 million
Tax-exempt real estate assets	$141 million
Equity*	$141 million
Tax-exempt real estate clients	6

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Landauer Advisors received new business commitments of $12 million from two clients for equity real estate and hybrid debt investments.

The firm's holdings had a market value of $141.2 million and a book value of $138.8 million.

By investment vehicle, the firm had $130.9 million in 100% equity and $10.25 million in hybrid debt.

Of the total under management, $36.2 million was in commingled or pooled equity funds, and $105 million was in direct, separate equity accounts.

In addition, the firm invested $672.8 million for foreign pension funds.

All of the total tax-exempt assets are invested in existing properties. The asset mix by type of property is: investment-grade retail, industrial, master-planned parks only and office-retail, 19%; office, 81%.

Landauer offers two commingled funds, Landauer Fund I and II.

Clients include General Motors, General Tire, Honeywell, British Shell and Unilever.

Charles H. Vaughn Jr., senior vice president, is in charge of property investments. Kenneth Koplow, vice president, is the client contact.

The Landsing Corp.

800 El Camino Real, Menlo Park, Calif. 94026; (415) 321-7100

Total real estate assets managed	$500 million
Equity*	NA
Mortgages	NA
Tax-exempt real estate assets	$122 million
Equity*	$122 million
Tax-exempt real estate clients	NA

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Landsing Corp. received new business commitments of $56 million from tax-exempt institution clients for equity real estate and hybrid debt investments.

The firm's holdings had a book value of $122 million, all of which was in commingled or pooled funds. Of that, $91.5 million was in 100% equity and $30.5 million was in hybrid debt.

The asset mix by type of property is: office, 30%; industrial, 11%; retail, 26%; residential, 21%; land, 12%.

The firm offers a real estate investment trust.

Tina Thomas, marketing coordinator, is the client contact.

LaSalle Advisors Inc.

11 S. LaSalle St., Chicago, Ill. 60603; (312) 782-5800

Total real estate assets managed	$2,700 million
Equity	$2,700 million
Tax-exempt real estate assets	$1,540 million
Equity	$1,540 million
Tax-exempt clients	41

As of the year ended June 30, LaSalle Advisors received new business commitments of $377 million from 11 clients for equity real estate investments.

Of the $1.55 billion equity real estate under management for tax-exempt clients, $650 million was for contributions committed but not yet received; $45 million was in cash. The firm's property holdings had a market value of $853.5 million and a book value of $749.3 million. There was $276.7 million in debt connected with those properties.

Of the total under management, $913.2 million was in commingled or pooled equity funds, and $635.4 million was in direct, separate equity accounts.

All of the total tax-exempt assets are invested in existing properties. The asset mix by type of property is: office, 60%; retail, 30%; industrial, 10%.

LaSalle Advisors concentrates on equity investments in existing office buildings, shopping centers and industrial parks, with the intent of providing both current returns and strong appreciation potential. Emphasis is on intensive management.

The commingled funds are LaSalle Street Fund Incorporated, LaSalle Fund II and LaSalle Fund III.

Clients include Caterpillar Tractor, American Stores, California Public Employees, and U S WEST.

Stanislaw Maliszewski, senior vice president, is the client contact.

Results...

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Our current acquisitions for RESA are structured as landsale leaseback leasehold loans which provide a high contract yield plus participation in the cash flow from the property.

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18.68%

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H. Russell Irving, Second Vice President, One American Row, Hartford, CT 06115. (203) 275-5000.

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Past investment results are not intended as an indication of future performance.

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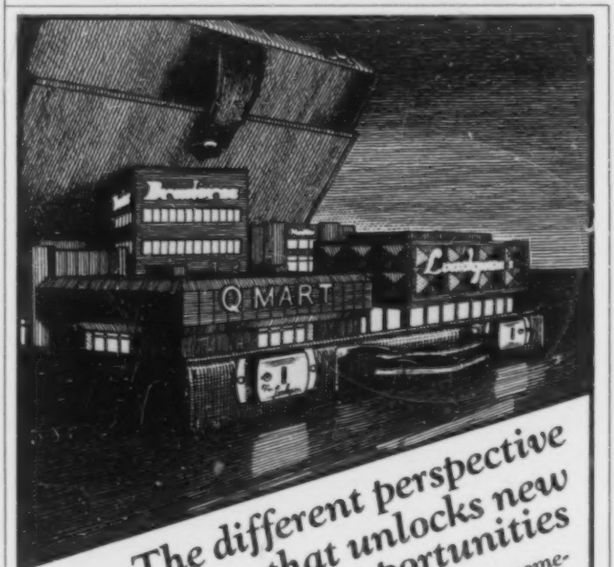

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L&B Real Estate Advisors

121 S. Broad St., Philadelphia, Pa. 19107; (215) 985-3900

Total real estate assets managed	$1,095 million
Equity*	$501 million
Mortgages	$594 million
Tax-exempt real estate assets	$1,095 million
Equity*	$501 million
Mortgages	$594 million
Tax-exempt real estate clients	1

* Hybrid debt assets

As of the year ended June 30, L&B Real Estate Advisors received new business commitments of $115 million from one client for equity real estate and hybrid debt investments.

Of the $501 million in equity real estate under management for one corporate, tax-exempt client, $115 million was for contributions committed but not yet received. The firm's holdings had a market value of $386 million and a book value of $374 million.

All of the assets under management were in direct, separate equity accounts.

Of the tax-exempt assets invested, 75% are in existing properties and 25% are in development properties. The asset mix by type of property is: office, 85%; retail, 6%; industrial, 1%; and hotel, 8%.

Douglas Callantine, vice president, is in charge of property investments. Alan T. Yuhas, director of marketing, is the client contact.

Lehndorff & Babson Real Estate Counsel

2501 Cedar Springs, Suite 340, Dallas, Texas 75201; (214) 871-7688

Total real estate assets managed	$1,416 million
Equity	$1,416 million
Tax-exempt real estate assets	$391 million
Equity	$391 million
Tax-exempt real estate clients	21

As of the year ended June 30, Lehndorff & Babson Realty received new business commitments of $157 million from 14 clients for equity real estate investments.

Of the $391 million equity real estate under management for tax-exempt clients, $61 million was for contributions committed but not yet received and $5 million was in cash. The firm's property holdings had a market value of $325 million and a book value of $238 million. There was $67 million in debt connected with those properties.

Of the total under management, $36 million was in commingled or pooled equity funds, and $355 million was in direct, separate equity accounts.

The firm invested $1.03 billion for foreign clients, of which $120 million was for pension funds.

Of the tax-exempt assets invested, 79% are in existing properties and 21% are in development properties. Investments are primarily made in retail and office properties. Retail represents 49%.

The two commingled funds are Lehndorff & Babson Property Fund and Lehndorff & Babson Property Fund II.

Marci A. Fagan, executive vice president-acquisitions manager, is in charge of property investments. Robert M. Angland, executive vice president, is the client contact.

Lieberman Companies

199 Middle Neck Rd., Great Neck, N.Y. 11021; (516) 466-6565

Total real estate assets managed	$110 million
Mortgages	$110 million
Tax-exempt real estate assets	$110 million
Mortgages	$110 million
Tax-exempt clients	NA

Lieberman had $110 million in mortgages under management for tax-exempt clients. Of that, $10 million was for contributions committed but not yet received.

Bruce R. Lieberman is in charge of property investments and is the client contact.

Loeb Partners Realty

521 Fifth Ave., New York, N.Y. 10175; (212) 883-0371

Total real estate assets managed	$450 million
Equity	$450 million
Tax-exempt real estate assets	$80 million
Equity	$80 million
Tax-exempt real estate clients	1

For the year ended June 30, Loeb Partners had $80 million equity real estate under management for one tax-exempt client. All of those assets were in a direct, separate equity account.

The firm also invests $75 million for foreign clients, of which $40 million was for pension funds.

All of the tax-exempt assets are invested in existing properties. The asset mix by property is: office buildings, 50%; shopping centers, 30%; apartments, 10%; miscellaneous, 10%.

Joseph S. Lesser, president, is in charge of property investments. Gary L. Naughton, vice president, is the client contact.

The Lomas & Nettleton Advisory Group Inc.

P.O. Box 225644, Dallas, Texas 75265; (214) 761-8296

Total real estate assets managed	$525 million
Mortgages	$525 million
Tax-exempt real estate assets	$525 million
Mortgages	$525 million
Tax-exempt real estate clients	30

As of the year ended June 30, Lomas & Nettleton received new business commitments of $145 million from 30 clients for investing in mortgages.

The firm's mortgage holdings had a market value of $525 million and a book value of $408 million. Of the total under management, $21 million was in commingled or pooled equity funds, and $504 million was in direct, separate equity accounts.

Of the tax-exempt assets invested, 80% are in existing properties and 20% are in development properties. Investments are made in offices, industrial, retail and multi-family structures.

The commingled fund is Lomas & Nettleton Institutional Mortgage Fund Ltd.

David A. Ridley, senior vice president, is in charge of property investments and is the client contact.

Pensions and Investment Age will feature a microcomputer products and services guide for investment managers' personal computers in its Oct. 14 issue.

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Manufacturers Hanover Trust Co. Real Estate Investment Advisory Group

270 Park Ave., New York, N.Y. 10017; (212) 286-6044

Total real estate assets managed	$676 million
Equity	$88 million
Mortgages	$586 million
Tax-exempt real estate assets	$676 million
Equity	$88 million
Mortgages	$588 million
Tax-exempt real estate clients	8

As of the year ended June 30, Manufacturers Hanover gained $60 million in business from five U.S. institutional tax-exempt clients for equity real estate investments.

Investments are made primarily in shopping centers.

Tax-exempt clients include Arizona Laborers, Teamsters & Cement Masons' Pension Fund and Arizona State Carpenters Fund.

The client contact is Willian C. Petty, vice president.

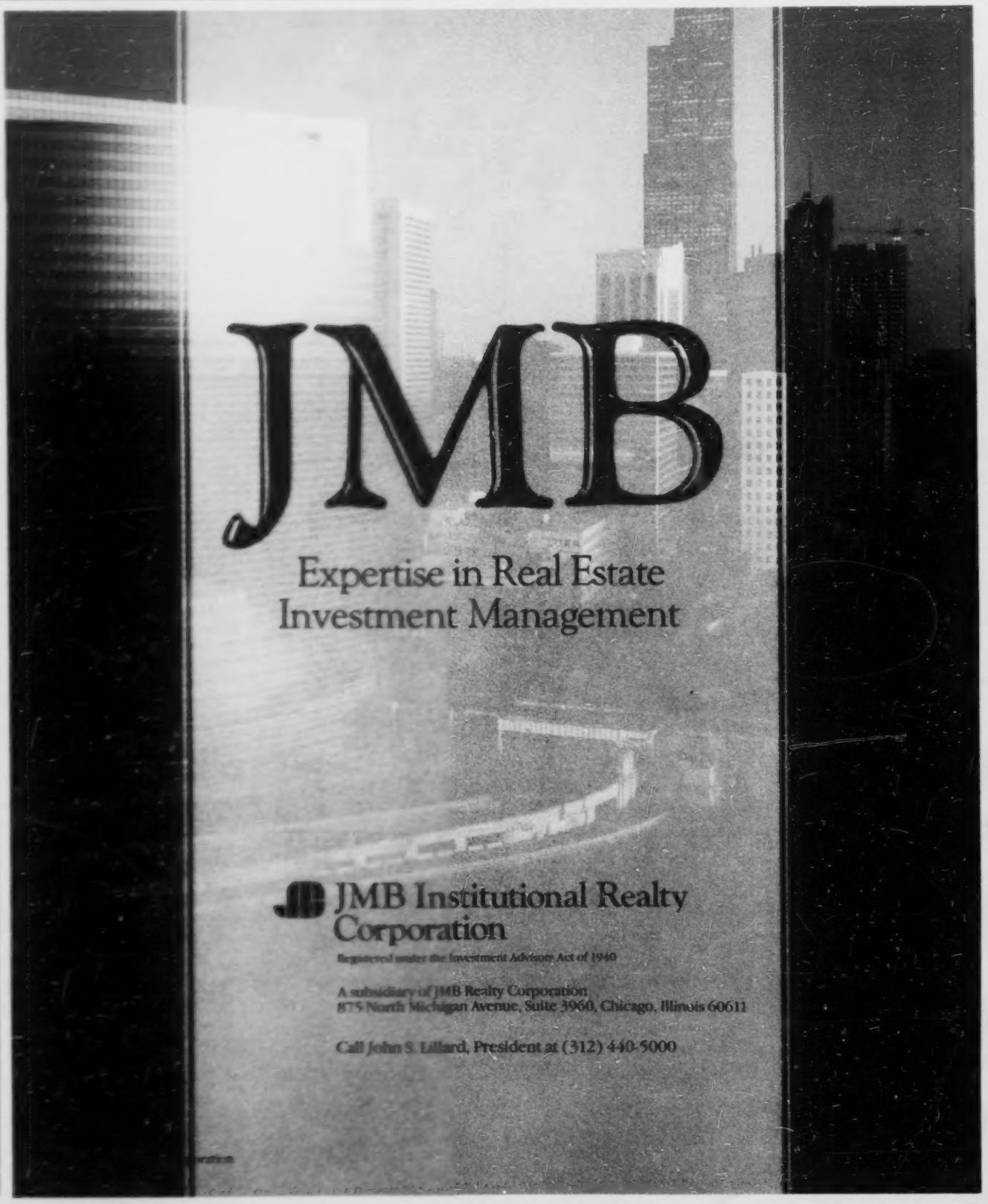
Massachusetts Mutual Life Insurance Co.

1295 State St., Springfield, Mass. 01111; (413) 788-8411

Total real estate assets managed	$2,978 million
Equity	$286 million
Mortgages	$2,692 million
Tax-exempt real estate assets	$48 million
Equity	$48 million
Tax-exempt real estate clients	52

As of the year ended June 30, Massachusetts Mutual received new business commitments of $2.6 million from 14 clients for equity real estate investments.

Of the $48 million in equity real estate under management for tax-exempt clients, $8.1 million was in cash. The firm's holdings had a market value of $39.9 million and a book value of $37.3 million.



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All of the total tax-exempt assets are invested in existing properties. The asset mix by type of property is: office, 46%; industrial, 32%; retail, 22%.

Of the total U.S. institutional tax-exempt clients under real estate management, 49 are corporate; one is public; and two are union.

David L. Brassard, director of real estate investment, is in charge of property investments. Peter J. Vogian, senior vice president, is the client contact.

John McMahan Associates Inc.

201 California St., San Francisco, Calif. 94111; (415) 433-7770

Total real estate assets managed	$438 million
Equity*	$438 million
Tax-exempt real estate assets	$388 million
Equity*	$388 million
Tax-exempt real estate clients	9

* Combines equity real estate and hybrid debt.

As of the year ended June 30, John McMahan Associates received new business commitments of $160 million from three clients for equity real estate and hybrid debt investments.

Of the $388 million equity real estate under management for tax-exempt clients, $300 million was for contributions committed but not yet received. The firm's holdings had a market value of $88 million and a book value of $87.8 million. There was $5.6 million in debt connected with those properties.

Of the total under management, $47.8 million was in commingled or pooled equity funds, and $340.2 million was in direct, separate equity accounts.

By asset vehicle, the firm placed $274.3 million in 100% equity and $113.7 million in hybrid debt.

All of the tax-exempt assets are invested in existing properties. The asset mix by type of property is: office, 71.2%; retail, 12.2%; and R&D, 16.6%.

The commingled funds are McMahan Equity Real Estate Fund-I and Fund-II.

Clients include Safeway Stores Inc., Honeywell Inc., University of California Board of Regents, State of Connecticut, and Florida Power & Light.

Steven Brabant, vice president, is in charge of property investments. J. Raymond Walker, vice president, is the client contact.

H.D. McNee Realty Advisers

1501 Sixth Ave., Suite 300, San Diego, Calif. 92101; (619) 234-1949

Total real estate assets managed	$57 million
Equity	$8 million
Mortgages	$49 million
Tax-exempt real estate assets	$57 million
Equity	$8 million
Mortgages	$49 million
Tax-exempt real estate clients	3

H.D. McNee Realty Advisers' real estate equity holdings had a market value of $8 million and a book value of $5 million.

All assets under management were in direct, separate equity accounts.

All assets are invested in existing properties. Investments are made 100% in commercial/industrial real estate.

H.D. McNee Jr., president, is the client contact.

The Robert A. McNeil Corp.

2855 Campus Dr., San Mateo, Calif. 94403; (415) 572-0660

Total real estate assets managed	$2,500 million
Equity	$2,500 million
Tax-exempt real estate assets	$276 million
Equity	$276 million
Tax-exempt real estate clients	600

As of the year ended June 30, The Robert A. McNeil Corp. received new business commitments of $4 million for equity real estate and hybrid debt investments.

Of the $276 million equity real estate under management for tax-exempt clients, $1 million was in cash. The firm's holdings had a market value of $275 million and a book value of $165 million.

All of those assets are invested in existing properties. The asset mix by type of property is: 70% multi-family housing; 30% commercial.

Bruce Schnitz, senior vice president, is in charge of property investments. Paul E. Dunn, senior vice president, is the client contact.

Mellon Real Estate Investment Management Corp.

551 Madison Ave., 15th Floor, New York, N.Y. 10022; (212) 702-4040

Total real estate assets managed	$700 million
Equity*	$491 million
Mortgages	$209 million
Tax-exempt real estate assets	$700 million
Equity*	$491 million
Mortgages	$209 million
Tax-exempt real estate clients	7

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Mellon Real Estate received new business commitments of $150 million from seven clients for equity real estate and hybrid debt investments.

The firm's holdings had a book value of $353 million. There was $138 million in debt connected with those properties.

All of the assets under management were in direct, separate equity accounts.

By asset vehicle, the firm placed $291 million in equity and $200 million in hybrid debt.

All of the tax-exempt assets are invested in existing properties. The asset mix by type of property is: office, 65%; industrial, 10%; retail, 8%; hotel, 2%; office, 15%.

The commingled fund, Mellon Income Property Fund I, is a Mellon Bank-sponsored, closed-end collective trust with Mellon Real Estate Investment Management Corp. as the investment adviser.

Clients include the Detroit General Retirement System, Westinghouse Electric, Borg-Warner, Georgia Employees.

James T. Foran, executive vice president, is in charge of making property investments. Karin E. Shewer, vice president, is the client contact.

L.J. Melody & Co.

1 Riverway, Suite 1850, Houston, Texas 77056; (713) 877-1187

Total real estate assets managed	$1,668 million
Equity*	$735 million
Mortgages	$833 million
Tax-exempt real estate assets	$517 million
Equity*	$517 million
Tax-exempt real estate clients	2

*Hybrid debt assets

As of the year ended June 30, L.J. Melody received new business commitments of $248.4 million from one client for hybrid debt investments.

Of the $516.6 million in equity real estate under management for tax-exempt clients, $192.4 million was for contributions committed but not yet received. The firm's holdings had a book value of $324.2 million.

Of the tax-exempt assets under management, $37 million was in commingled or pooled equity funds, and $479.6 million was in direct, separate equity accounts.

All tax-exempt assets are invested in hybrid debt instruments.

Types of properties invested in include office, industrial, retail, hotel and multiuse.

Clients are Teacher Retirement System of Texas and Pennsylvania Public School Employees'.

Lawrence J. Melody, president, is in charge of property investments. William D. Murphy, senior vice president and treasurer, is the client contact.

Metropolitan Life and Affiliated Co.

1 Madison Ave., New York, N.Y. 10010; (212) 578-7447

Total real estate assets managed	$17,896 million
Equity	$4,936 million
Mortgages	$12,960 million
Tax-exempt real estate assets	$429 million
Equity	$368 million
Mortgages	$61 million
Tax-exempt real estate clients	41

As of the year ended June 30, Metropolitan Life received new business commitments of $92.5 million from 29 clients for equity real estate and hybrid debt investments.

Of the $428.9 million equity real estate under management for tax-exempt clients, $23 million was for contributions commited but not yet received; $19 million was in cash. The firms property holdings had a market value of $326 million and a book value of $296 million. There was no debt connected with the properties.

Of the tax-exempt assets under management, $368 million was in commingled equity funds. There was $60.9 million in mortgages in the pooled funds.

The approximate asset mix by type of property is: 65% office; 16% research and development and R&D/office; 2% industrial; 8% retail; 7% hotels, motels and inns; 1% land; and 1% mixed use.

Clients include American Can Co., St. Regis Paper Co., Niagara Mohawk Power Corp. and NL Industries Inc.

Glen E. Coverdale, executive vice president, is in charge of property investments. George M. Jamgochian, assistant vice president, is the client contact.

MONY Financial Services

4 Manhattanville Rd., Purchase, N.Y. 10577; (914) 697-8731

Total real estate assets managed	$2,937 million
Equity*	$706 million
Mortgages	$2,231 million
Tax-exempt real estate assets	$89 million
Equity	$89 million
Tax-exempt real estate clients	51

* Combines equity real estate and hybrid debt.

Top 10 tax-exempt mortgage managers

Firm	($ mil.)
L&B Real Estate Advisors	$594.0
Manufacturers Hanover Trust Co.	588.0
Lomas & Nettleton Advisory Group Inc.	525.0
Scudder Realty Advisors Inc.	450.0
Wells Fargo Realty Advisors	271.0
Mellon Real Estate Investment Mgt.	209.0
Aldrich, Eastman & Waltch Inc.	190.0
Union Labor Life Insurance Co.	153.0
United Trust Fund	135.0
Am Cal Co.	130.0

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The Equitable Life Assurance Society of the United States
New England Mutual Life Insurance Company
Telephone Real Estate Equity Trust

ZANE MAY INTERESTS

750 N. St. Paul • 11th Floor • Dallas, Texas 75201 • (214) 880-0099

As of the year ended June 30, MONY received new business commitments of $43.4 million from 19 clients for equity real estate and hybrid debt investments.

The firm's holdings had a market value of $69.4 million. There was $3.2 million in debt connected with those properties. All tax-exempt assets under management were in commingled or pooled equity funds.

All of the tax-exempt assets are invested in existing properties. The asset mix by type of property is: retail, 22%; office, 49%; industrial, 29%.

Robin L. Blauer, portfolio manager-equity real estate, is in charge of property investments. Wayne R. Dominguez is the client contact.

J.P. Morgan Investment Management Inc.

9 W. 57th St., New York, N.Y. 10019; (212) 826-1709

Total real estate assets managed	$1,245 million
Equity*	$1,245 million
Tax-exempt real estate assets	$742 million
Equity*	$742 million
Tax-exempt real estate clients	153

* Combines equity real estate and hybrid debt.

As of the year ended June 30, J.P. Morgan Investment Management received new business commitments of $67 million from seven clients for equity real estate and hybrid debt investments.

Of the $742 million equity real estate under management for tax-exempt clients, $13 million was in cash. The firm's holdings had a market value of $612 million and a book value of $534 million. There was $4 million in debt connected with those properties.

Of the total under management, $609 million was in commingled or pooled equity funds, and $133 million was in direct, separate equity accounts.

By asset vehicle, $67 million was in 100% equity and $675 million in hybrid debt.

Of the tax-exempt assets under management, 80% are invested in existing properties and 20% are invested in development properties. The asset mix by type of property is: 59%, office; 35%, retail; 4%, industrial; 2%, hotel.

The open-end commingled fund is The Real Estate Fund.

Timothy J. Heise, managing director, is in charge of property investments and is the client contact.

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NCNB National Bank

1 NCNB Plaza, Charlotte, N.C. 28255; (704) 374-8405

Total real estate assets managed	$613 million
Equity	$613 million
Tax-exempt real estate assets	$613 million
Equity	$613 million
Tax-exempt real estate clients	522

As of the year ended June 30, NCNB National Bank received new business commitments of $221 million from 91 clients for equity real estate investments.

Of the $613 million in equity real estate under management for tax-exempt clients, $244 million was for contributions committed but not yet received; $59 million was in cash. The firm's property holdings had a market value of $310 million and a book value of $235 million. There was no debt connected with those properties.

Of the total under management, $234 million was in commingled or pooled equity funds and $379 million was in direct, separate equity accounts.

The assets were invested 74% in existing properties and 26% in development properties. The asset mix by type of property is: 6%, office; 83%, office/industrial/warehouse/R&D; 11%, underdeveloped land.

Clients include Eastern Air Lines Pilots, Duke Power Co. and Ohio School Employees' Retirement System.

Floyd Boyce, senior vice president, is in charge of property investments. Mark S. Coltrin, vice president, is the client contact.

New England Mutual Life Insurance Co.

501 Boyiston St., Boston, Mass. 02117; (617) 578-2000

Total real estate assets managed	$2,900 million
Mortgages	$2,900 million
Tax-exempt real estate assets	$8 million
Mortgages	$8 million

Of the real estates assets under management by New England Mutual as of the year ended June 30, $8 million was in a commingled mortgage fund.

Donald I. Gregg, senior vice president, group pension marketing, is the client contact.

New York Life Insurance Co.

51 Madison Ave., New York 10010; (212) 576-7437

Total real estate assets managed	$6,666 million
Equity*	$566 million
Mortgages	$6,100 million
Tax-exempt real estate assets	$33 million
Equity	$33 million
Tax-exempt real estate clients	14

* Combines equity real estate and hybrid debt.

New York Life had $33 million in equity real estate under management for tax-exempt clients.

Of that, $2.8 million was in cash, and the property holdings had a market value of $30.2 million and a book value of $28.6 million.

All of the assets under management were in commingled or pooled equity funds.

All of the tax-exempt assets are invested in existing properties. The asset mix by type of property is: office, 45%; research and development, 34%; retail, 21%.

Harold K. Herzog, senior vice president, is in charge of property investments. Thomas J. Connolly is the client contact.

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Pacific Realty Advisors

44 Montgomery St., Suite 4230, San Francisco, Calif. 94104; (415) 392-3665

Total real estate assets managed	$94 million
Equity*	$94 million
Tax-exempt real estate assets	$29 million
Equity	$29 million
Tax-exempt real estate clients	3

* Combines equity real estate and hybrid debt.

Pacific Realty Advisors had $29.3 million in equity real estate under management for tax-exempt clients. Of that, $2.6 million was in cash and the property holdings had a market value of $26.7 million and a book value of $25.7 million.

All of those assets were in commingled or pooled equity funds. The firm placed 75% of the assets in existing properties and 25% in development properties. The asset mix by type of property is: office buildings, 75%; shopping centers, 25%.

The commingled funds are offered by Dodge & Cox, a San Francisco-based investment adviser and managed by Pacific Realty Advisors.

There are three clients under management: Kaiser Aluminum & Chemical Corp., Fireman's Fund Insurance and American Express.

James O. Goldsmith, president, William T. Phillips, senior vice president, and Donald G. Judd, vice president and chief financial officer, are in charge of property investments and are the client contacts.

The Palmieri Co.

2021 K St., N.W., Suite 700, Washington, D.C. 20006; (202) 223-8690

Total real estate assets managed	$1,300 million
Equity*	$800 million
Mortgages	$500 million
Tax-exempt real estate assets	$350 million
Equity*	$250 million
Mortgages	$100 million
Tax-exempt real estate clients	7

* Combines equity real estate and hybrid debt.

The Palmieri Co. had $350 million in real estate assets under management for tax-exempt clients. Of that, $235 million was in commingled or pooled equity funds, and $115 million was in direct, separate equity accounts.

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By asset vehicle, $205 million was in 100% equity and $45 million was in hybrid debt. There was $180 million in debt connected with those properties.

Of the tax-exempt assets invested, 60% are in existing properties and 40% are in development properties. Investments are made in all property types.

Palmieri offers two closed-end real estate funds. The firm offers two commingled funds.

Clients include the Central States Teamsters.

John A. Koskinen, president, is in charge of property investments and is the client contact.

Phoenix Mutual Life Insurance Co.

1 American Row, Hartford, Conn. 06115; (203) 275-5567

Total real estate assets managed	$1,308 million
Equity*	$350 million
Mortgages	$958 million
Tax-exempt real estate assets	$99 million
Equity*	$99 million
Tax-exempt real estate clients	70

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Phoenix Mutual received new business commitments of $22 million from 30 clients for equity real estate and hybrid debt investments.

Of the $98.8 million equity real estate under management for tax-exempt clients, $22.2 million was in cash. The firm's holdings had a market value of $76.6 million and a book value of $64.2 million. There was $1.6 million in debt connected with those properties.

By asset vehicle, there was $57.1 million in 100% equity and $41.7 million in hybrid debt.

All tax-exempt assets were in commingled or pooled equity funds.

All of the total tax-exempt assets are invested in existing properties. The asset mix by type of property is: office buildings, 54%; office-warehouse, 27%; apartments, 14%; shopping center, 5%.

Adrian Corbiere, assistant vice president real estate, is in charge of property investments. H. Russell Irving, second vice president-group pension marketing, is the client contact.

PMRealty Advisors Inc.

700 Newport Center Dr., Newport Beach, Calif. 92660; (714) 640-3000

Total real estate assets managed	$368 million
Equity	$348 million
Tax-exempt real estate assets	$106 million
Equity	$106 million
Tax-exempt real estate clients	8

As of the year ended June 30, PMRealty received new business commitments of $25.3 million from four clients for equity real estate and hybrid debt investments.

Of the $106.2 million in equity real estate under management for tax-exempt clients, $50.3 million was for contributions committed but not yet received. The firm's holdings had a market value of $55.9 million and a book value of $55.1 million. There was $7.3 million in debt connected with those properties.

All tax-exempt assets under management were in commingled or pooled equity funds.

All tax-exempt assets are invested in existing properties. The asset mix by type of property is: office, 82%; R&D/Industrial, 15%; retail, 3%.

Top 10 tax-exempt real estate equity managers*

Firm	($ mil.)
Prudential Asset Mgt. Co.	$6,410.1
Equitable Real Estate Investment Mgt.	4,007.0
Aetna Life & Casualty	2,799.0
RREEF Funds	2,742.0
Corporate Property Investors	2,385.0
Heitman Advisory Corp.	1,786.6
LaSalle Advisors Inc.	1,548.5
Aldrich, Eastman & Waltch Inc.	1,490.0
F.I.A. Associates	1,427.1
Copley Real Estate Advisors	1,390.0

* Combines 100% equity and hybrid debt.

The commingled funds are AmericaWest I and II.

Clients include Air Products, Boise Cascade and North American Philips.

Carl A. Mayer Jr., managing director, is in charge of property investments. Pete Hammer, managing director, is the client contact.

Property Capital Advisors

200 Clarendon St., Hancock Tower, 47th Floor, Boston, Mass. 02116; (617) 536-8600

Total real estate assets managed	$540 million
Equity	$340 million
Tax-exempt real estate assets	$430 million
Equity	$430 million
Tax-exempt real estate clients	65

As of the year ended June 30, Property Capital Advisors received new business commitments of $150 million from 25 clients for equity real estate and hybrid debt investments.

Of the $430 million equity real estate under management for tax-exempt clients, $120 million was for contributions committed but not yet received. The firm's holdings had a market value of $310 million and a book value of $220 million.

Of the total under management, $190 million was in commingled or pooled equity funds, and $240 million was in direct, separate equity accounts.

The firm invested $8 million for foreign pension funds.

All tax-exempt assets are invested in existing properties. The asset mix by type of property is: 45%, offices; 18%, shopping centers; 15% industrial; 12%, hotels; 10%, apartments.

The firm offers two commingled funds.

Clients include Harvard University, Massachusetts Institute of Technology, U.S. Steel Pension Plan and The World Bank.

Anthony D. Fox, senior vice president, is in charge of property investments. Robert M. Armstrong, senior vice president and treasurer, is the client contact.

The Prudential Asset Management Co.

19 Prudential Plaza, Newark, N.J. 07101; (201) 877-3735

Total real estate assets managed	$6,410 million
Equity*	$6,410 million
Tax-exempt real estate assets	$6,410 million
Equity*	$6,410 million
Tax-exempt clients	326

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Prudential Asset Management received new business commitments of $34 million from three clients for equity real estate and hybrid debt investments.

Of the $6.41 billion in equity real estate under management for tax-exempt clients, $292.3 million was in cash. The firm's property holdings had a market value of $6.12 billion and a book value of $4.81 billion. There was $342.5 million in debt connected with those properties.

All assets were in commingled or pooled equity funds.

By asset vehicle, there was $6.2 billion in 100% equity and $199 million in hybrid debt.

All tax-exempt assets invested are in existing properties. The asset mix by type of property is: office, 52.7%; retail, 17.5%; industrial, 15.5%; hotel/motel, 7.5%; apartments, 4.1%; land, 1.2%; agricultural, 1.1%.

Clients include Brooklyn Union Gas, Exxon, A.H. Robbins and Florida Public Employees'.

Brian J. Strum, senior vice president, is in charge of property investments. James H. Gately, senior vice president, is the client contact.

Public Storage Inc.

990 S. Fair Oaks Ave., Pasadena, Calif. 91105-2626; (213) 682-3601

Total real estate assets managed	$0

Public Storage Inc. has started a new unit, PSI Institutional Realty Group, to service the tax-exempt marketplace. As of June 30, that unit had no assets under management.

The firm invests mainly in public storage units.

Hugh Horne, president of the site acquisition and development group, is in charge of property investments. Nori Gerardo, senior vice president of PSI Institutional Realty Group, is the client contact.

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RepublicBank Dallas

P.O. Box 241, Dallas, Texas 75221; (214) 922-5165

Total real estate assets managed	$38 million
Equity	$38 million
Tax-exempt real estate assets	$38 million
Equity	$38 million
Tax-exempt real estate clients	33

As of the year ending June 30, RepubicBank Dallas received new business commitments of $6.5 million from 19 clients for equity real estate investments.

Of the $37.8 million equity real estate under management for tax-exempt clients, $11.2 million was in cash. The firm's property holdings had a market value of $26.6 million and a book value of $26 million.

All assets under management were in commingled or pooled equity funds. Of the tax-exempt assets invested, 69% are in existing properties and 31% are in development properties.

Investments are made in income-producing properties via 100% ownership acquisitions and equity-oriented convertible participating mortgages. Asset mix by property type is: 65%, office; 35%, industrial.

Clients include Austin Industries, Centex Corp., Texas Instruments, Temple Industries and Texas Employers Insurance.

Stan Miller, vice president and director real estate investment and acquisition, is in charge of property investments. David J. Pittman, senior vice president and director trust corporate marketing, and Vida S. Icenogle, vice president and director investment marketing, are the client contacts.

T.W. Richardson & Co.

601 California St., Suite 301, San Francisco, Calif. 94108; (415) 391-2880

Total real estate assets managed	$8.93 million
Equity	$8.93 million
Tax-exempt real estate assets	$8.93 million
Equity	$8.93 million
Tax-exempt real estate clients	4

The property holdings of T.W. Richardson had a market value of $8.93 million and a book value of $4.77 million. There was $3.46 million in debt connected with those properties.

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For Information Contact: Ms. Nori Gerardo
Senior Vice President
PSI Institutional Realty Group
990 South Fair Oaks Avenue
Pasadena, California 91105-2626
213-682-3601

All assets under management were in direct, separate equity accounts.

Assets are invested 61% in existing properties and 39% in development properties. The asset mix by property is: industrial, 63%; office, 37%.

Clients include Freeport Associates, Arlington-Oakport Ltd., Hartsfield-Atlanta No. 1, A-C Joint Venture.

Thomas W. Richardson is in charge of property investments and is the client contact.

The RREEF Funds

650 California St., San Francisco, Calif. 94108; (415) 781-3300

Total real estate assets managed	$2,742 million
Equity	$2,742 million
Tax-exempt real estate assets	$2,742 million
Equity	$2,742 million
Tax-exempt real estate clients	79

As of the year ended June 30, The RREEF Funds received new business commitments of $360 million from nine clients for equity real estate and hybrid debt investments.

Of the $2.7 billion in equity real estate under management for tax-exempt clients, $556 million was for contributions committed but not yet received; $145 million was in cash. The firm's holdings had a market value of $2 billion and a book value of $1.6 billion.

All assets were in commingled or pooled equity funds, which were invested in existing properties. The asset mix by type of property is shopping centers, 30%; office buildings, 40%; industrial properties, 15%; and business parks, 15%.

The RREEF Funds purchase high-quality, existing and substantially occupied office buildings, shopping centers and industrial buildings. Its ideal portfolio would be 33% office buildings, 33% shopping centers, and 33% industrial properties.

Clients include AT&T, IBM, Monsanto, Connecticut, Washington state and Illinois State Universities.

Paul Sack, principal, is the client contact.

Frank Russell Trust Co.

First Interstate Plaza, Tacoma, Wash. 98402; (206) 572-2282

Total real estate assets managed	$78 million
Equity	$78 million
Tax-exempt real estate assets	$78 million
Equity	$78 million
Tax-exempt real estate clients	37

As of the year ended June 30, Frank Russell Trust received new business commitments of $71 million from 33 clients for equity real estate and hybrid debt investments.

The firm's holdings had a market value of $78 million and a book value of $76 million.

All of the assets were in commingled or pooled equity funds.

Of the tax-exempt assets invested, an estimated 80% are in existing properties and 20% are in development properties. Investments are made in office buildings, industrial facilities, commercial and retail, hotel and other properties.

Paul R. Kaltinick, president, is the client contact.

S

Sarofim Trust Co.

Two Houston Center, Suite 2907, Houston, Texas 77010; (713) 654-4484

Total real estate assets managed	$57 million
Equity	$2 million
Mortgages	$55 million
Tax-exempt real estate assets	$57 million
Mortgages	$55 million
Tax-exempt real estate clients	10

Sarofim Trust Co.'s $57.2 million in assets under management for tax-exempt clients had a market value of $48 million and a book value of $55 million as of June 30. Cash reserves were $1.2 million.

All assets were in the firm's commingled participating mortgage fund.

Of the tax-exempt assets under management, 37.6% are invested in existing properties and 62.4% are in development properties. The asset mix by type of property is: 51% office; 21% service center; 14% industrial; 14% retail.

Clients include Avon Products., Readers Digest Association and Hughes Aircraft.

Joshua M. Brown, vice president, is in charge of property investments and client contact.

Schroder Real Estate Associates

437 Madison Ave., New York, N.Y. 10022; (212) 486-9800

Total real estate assets managed	$572 million
Equity*	$572 million
Tax-exempt real estate assets managed	$0

* Combines equity real estate and hybrid debt.

As of June 30, Schroder invested $536 million for foreign pension funds.

Assets are invested 90% in existing properties and 10% in development properties. Investments are evenly made in regional shopping centers and urban commercial office buildings having good renovation and expansionary potential.

Among its foreign tax-exempt clients are IBM (UK), Royal Dutch Shell, British Airways and the British Post Office & Telecommunications Workers.

Charles Grossman and Norman L. Peck, managing partners, are in charge of making property investments. John E. Emmanuel, senior vice president, is the client contact.

Scudder Realty Advisors Inc.

333 S. Hope St., 37th Floor, Los Angeles, Calif. 90071; (213) 628-1144

Total real estate assets managed	$512 million
Equity*	$62 million
Mortgages	$450 million
Tax-exempt real estate assets	$512 million
Equity*	$62 million
Mortgages	$450 million
Tax-exempt real estate clients	12

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Scudder Realty received new business commitments of $75 million from four clients for equity real estate and hybrid debt investments.

The firm had $512 million in tax-exempt assets under real estate management.

Of that, $8 million was in 100% equity, $54 million in hybrid debt, and $450 million in mortgages.

All assets were in direct, separate equity accounts.

The assets were invested 90% in existing properties and 10% in development properties. The asset mix by type of property is: office, 40%; shopping centers, 40%; other, 20%.

Clients include Los Angeles County, Ventura County, Sacramento County and City of San Diego retirement systems.

Christopher B. Davis, vice president, is in charge of property investments and is the client contact.

Security Capital Real Estate

1290 Avenue of the Americas, 26th Floor, New York, N.Y. 10104; (212) 408-2911

Total real estate assets managed	$900 million
Equity	$900 million
Tax-exempt real estate assets	$820 million
Equity	$820 million
Tax-exempt real estate clients	147

As of the year ended June 30, Security Capital Real Estate Corp. received new business commitments of $184 million from 29 clients for equity real estate investments.

Of the $820 million in equity real estate under management for tax-exempt clients, $30 million was for contributions committed but not yet received and $150 million was in cash. The firm's property holdings had a market value of $440 million and a book value of $419 million. There was $56 million in debt connected with those properties.

All of the tax-exempt assets under management were in commingled or pooled equity funds.

Those assets were invested in existing properties. The asset mix by type of property is: apartments, 81%; office, 11%; shopping centers, 5%; warehouse, 3%.

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Security Capital offers an open-end real estate fund, Security Capital Real Estate Fund.

Clients include U S WEST, K mart, Borden and Sohio.

John H. Streicker, president, is in charge of property investments. Lewis W. Kresch, first vice president, is the client contact.

Stanfill Paulson & Co.

351 California St., San Francisco, Calif. 94104; (415) 391-4170

Total real estate assets managed	$15 million
Equity	$15 million
Tax-exempt real estate assets	0

Stanfill Paulson & Co. offers direct, separate account investment management and real estate investment consulting.

John Stanfill is in charge of property investments. Jon Paulson is the client contact.

State Street Bank and Trust

225 Franklin St., Boston, Mass. 02110; (617) 654-3222

Total real estate assets managed	$236 million
Equity*	$236 million
Tax-exempt real estate assets	$237 million
Equity*	$237 million
Tax-exempt real estate clients	16

* Combines equity real estate and hybrid debt.

As of the year ended June 30, State Street Bank & Co. received new business commitments of $105 million from nine clients for equity real estate and hybrid debt investments.

Of the $236.3 million equity real estate under management for tax-exempt clients, $100 million was for contributions committed but not yet received; $39.7 million was in cash. The firm's holdings had a market value of $96.6 million and a book value of $93.2 million. There was $49.2 million in debt connected with those properties.

By asset vehicle, $34.2 million was in 100% equity, $62.4 million was in hybrid debt, and the firm had yet to determine where it would place the $139.7 million in cash and commitments.

All of the assets under management were in commingled or pooled equity funds.

All of the assets are invested in existing properties. The asset mix by type of property is: offices, 40%; industrial, 45%; commercial/retail, 15%; although investments may be made in warehouses, distribution and light manufacturing facilities; office buildings; R&D buildings; shopping centers and free-standing stores; hotel/motels; residential; land and combinations of the above.

The bank offers closed-end real estate funds. Three commingled funds are offered: State Street Real Estate Fund I, II and III.

Clients include CBS, GTE, Honeywell and World Bank.

Robert K. Kilroy, vice president, is in charge of property investments. Thomas P. Hogan, vice president, is the client contact.

SUHRCO Real Estate Advisors Inc.

10604 N.E. 38th Place, Suite 228, Kirkland, Wash. 98033-7996; (206) 828-4464

Total real estate assets managed	$65 million
Equity	$65 million
Tax-exempt real estate assets	$50 million
Equity	$50 million
Tax-exempt real estate clients	3

As of the year ended June 30, SUHRCO Real Estate Advisors received new business commitments of $13.5 million from two clients for equity real estate and hybrid debt investments.

The firm's holdings had a market value of $50 million.

All assets were in direct, separate equity accounts.

All assets are invested in existing properties. Investments are made in mixed-use developments, suburban office buildings and shopping centers.

Edwin C. Suhrbier, president, is in charge of property investments and is the client contact.

Pensions & Investment Age's annual polling of 500 chief investment officers will run in the Sept. 30 issue.

t

Tamarack Investment Counsel Inc.

P.O. Box 1924, Stockton, Calif. 95201; (209) 951-1120

Total real estate assets managed	$12 million
Equity	$12 million
Tax-exempt real estate assets	$12 million
Equity	$12 million
Tax-exempt real estate clients	3

As of the year ended June 30, Tamarack Investment Counsel received new business commitments of $1 million from one client for equity real estate and hybrid debt investments.

Of the $12 million equity real estate under management for tax-exempt clients, $1 million was for contributions committed but not yet received. The firm's holdings had a market value of $11 million and a book value of $8 million. There was $4 million in debt connected with those properties.

All assets were in direct, separate equity accounts.

Tax-exempt assets are invested 25% in existing properties and 75% in development properties. The firm invests in commercial and apartment properties.

Paul F. Soares, investment counsel, is in charge of property investments. David M. Soares, investment counsel, is the client contact.

TCW Realty Advisors

400 S. Hope St., Suite 600, Los Angeles, Calif. 90071-2899; (213) 683-4200

Total real estate assets managed	$838.448 million
Equity*	$838.448 million
Tax-exempt real estate assets	$838.448 million
Equity*	$838.448 million
Tax-exempt real estate clients	42

* Combines equity real estate and hybrid debt.

As of the year ended June 30, TCW Realty received new business commitments of $211 million from 21 clients for equity real estate and hybrid debt investments.

Of the $838.4 billion equity real estate under management for tax-exempt clients, $350 billion was for contributions committed but not yet received and $175.1 billion was in cash. The firm's property holdings had a market value of $313.3 billion and a book value of $302.2 billion. There was $19.8 billion in debt connected with those properties.

Of the total under management, $596.6 billion was in commingled or pooled equity funds, and $241.9 billion was in direct, separate equity accounts.

By asset vehicle, $693.8 million was in 100% equity and $144.7 million was in hybrid debt.

All of the tax-exempt assets are invested in existing properties. The asset mix by type of property is: 66%, office; 9%, retail; 25%, business parks.

Clients include Rockwell International, World Bank, J.C. Penney and Illinois Municipal.

Roger Schultz, senior partner/director of acquisitions, is in charge of property investments. Bruce L. Ludwig, senior partner, is the client contact.

Texas American Bank/Fort Worth

P.O. Box 2050, Fort Worth, Texas 76113; (817) 338-8445

Total real estate assets managed	$67 million
Equity	$60 million
Mortgages	$7 million
Tax-exempt real estate assets	$67 million
Equity	$60 million
Mortgages	$7 million
Tax-exempt real estate clients	222

As of the year ended June 30, Texas American received new business commitments of $10 million from 50 clients for equity real estate and hybrid debt investments.

Of the $60 million equity real estate under management for tax-exempt clients, $5 million was for contributions committed but not yet received and $5 million was in cash. The firm's property holdings had a market value of $50 mil

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tion and a book value of $45 million.

Of the tax-exempt total under management, $5 million was in commingled or pooled equity funds, and $55 million was in direct, separate equity accounts.

All of the tax-exempt assets are invested in existing properties. The asset mix by type of property is: shopping centers, 20%; office buildings, 10%; office/warehouse, 40%; retail buildings, 30%.

Clients include Mrs. Baird's Bakeries, Gearhart Industries and Justin Industries.

Bob S. Little, vice president-real estate investments, is the client contact.

Third National Corp.

4th and Church Street, Nashville, Tenn. 37244; (615) 748-5479

Total real estate assets managed	$98 million
Equity*	$98 million
Tax-exempt real estate assets	$22 million
Equity*	$22 million
Tax-exempt real-estate clients	63

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Third National Corp. received new business commitments of $2 million from five clients for equity real estate and hybrid debt investments.

Of the $22.1 million in equity real estate under management for tax-exempt clients, $9.6 million was in cash. The firm's property holdings had a market value of $12.5 million and a book value of $12 million. There was $800,000 in debt connected with those properties.

All of the tax-exempt assets under management were in commingled or pooled equity funds.

All of the tax-exempt assets are invested in existing properties. Investments are made in Sunbelt properties with a value of $1 million to $5 million in second- and third-tier cities, using ownership/hybrid debt. The bank seeks opportunities in market niches where tax-exempt investors are not yet significant players.

Clients include Murray of Ohio and Memphis Light, Gas & Water.

Steve Iler, assistant vice president-investment manager for pension real estate, is in charge of property investments and is the client contact.

The Travelers

1 Tower Square, Hartford, Conn. 06183; (203) 277-0271

Total real estate assets managed	$11,860 million
Equity	$555 million
Mortgages	$11,300 million
Tax-exempt real estate assets	$558 million
Equity	$482 million
Mortgages	$77 million
Tax-exempt real estate clients	210

As of the year ended June 30, The Travelers received new business commitments of $15.1 million from 26 clients for equity real estate and hybrid debt investments.

Of the $481.5 million in equity real estate under management for tax-exempt clients, $3.2 million was in cash. The firm's property holdings had a market value of $478.3 million. There was $21.5 million in debt connected with those properties.

Of the tax-exempt total under management for real estate equity, $462.7 million was in commingled or pooled equity funds, and $18.8 million was in direct, separate equity accounts.

All of the tax-exempt assets are invested in existing properties. Investments are made in office buildings, shopping centers, industrial/warehouses, apartments, hotels, agriculture, timberland.

Clients include Chevron Corp., state of Maine and Allied Corp.

Leonard Green, second vice president, is in charge of making property investments. B. Thomas Willison, vice president, is the client contact.

Trident/Meyer Real Estate Advisors

888 S. West St., Suite 400, Anaheim, Calif. 92802; (714) 999-8813

Total real estate assets managed	$194 million
Equity*	$194 million
Tax-exempt real estate assets	$115 million
Equity*	$115 million
Tax-exempt real estate clients	4

* Combines equity real estate and hybrid debt.

As of the year ended June 30, Trident/Meyer received new business commitments of $115 million for equity real estate and hybrid debt investments.

Of the $115 million equity real estate under management for tax-exempt clients, $17 million was for contributions committed but not yet received and $65 million was in cash. The firm's property holdings had a market value of $33 million and a book value of $33 million.

Of the total under management, $65 million was in commingled or pooled equity funds, and $50 million was in direct, separate equity accounts.

By asset vehicle, $108 million was in 100% equity and $7 million was in hybrid debt.

All of the tax-exempt assets are invested in existing properties. The asset mix by type of property is: industrial, 32%; office, 21%; retail, 47%.

Trident/Meyer offers three commingled funds.

Clients include Ohio Police & Firemen's Disability and Pension Fund, Municipal Employees Annuity & Benefit Fund of Chicago, Firemen's Annuity & Benefit Fund of Chicago.

George Keeling, senior vice president-head of acquisitions committee, is charge of property investments. Allen W. Ralston, executive vice president and managing director, is the client contact.

A directory of investment management consultants will appear in the Nov. 25 issue of *P&I Age*.

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The Union Labor Life Co.

111 Massachusetts Ave., N.W., Washington, D.C. 20001; (202) 682-0900

Total real estate assets managed	$376 million
Equity	$31 million
Mortgages	$345 million
Tax-exempt real estate assets	$153 million
Mortgages	$153 million
Tax-exempt real estate clients	71

* Combines equity real estate and hybrid debt.

Union Labor Life has $153 million under management for mortgages for tax-exempt clients.

Of that, $62 million was in cash and the firm's mortgage investments had a market value of $91 million and a book value of $88 million.

All of the tax-exempt assets are in its "J for Jobs" Pooled Mortgage Account, which invests in long-term, diversified, trust-quality mortgages on union-built or renovated projects.

Clients include unions for laborers, sheet metal workers, bricklayers and carpenters.

E.R. Saathoff, vice president-mortgages, is in charge of property investments.

John Stephan and R.C. Cassin, directors of group pension sales, are the client contacts.

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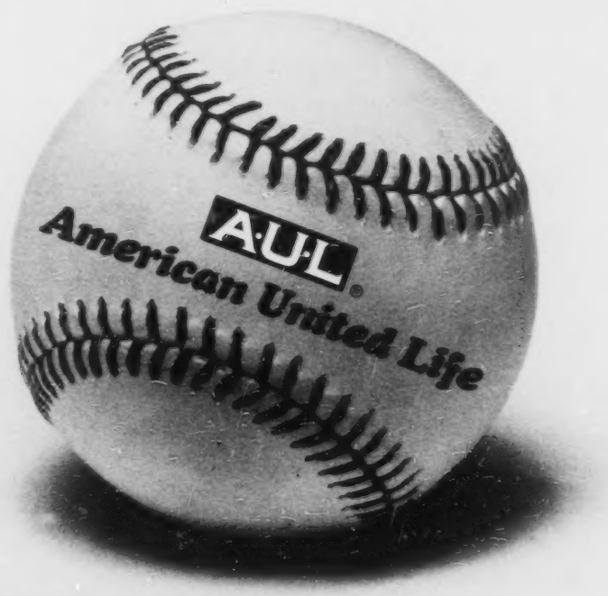

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Sam George/Kansas City/913-432-5660
Pat Spencer/Houston/713-537-9257

United Trust Fund
4770 Biscayne Blvd., Miami, Fla. 33137; (305) 576-7711

Total real estate assets managed	$135 million
Mortgages	$135 million
Tax-exempt real estate assets	$135 million
Mortgages	$135 million
Tax-exempt real estate clients	NA

The firm's mortgage holdings had a market value of $135 million and a book value of $135 million.

All of the assets under management were in direct, separate equity accounts.

Investments are made in commercial real estate. All properties are net leased to occupants.

Clients include Sun Life Assurance Co. and Bankers Life.

Fred Berliner, director-acquisitions, is in charge of property investments. James Nolan, executive vice president, is the client contact.

United Virginia Bank
919 E. Main St., Richmond, Va. 23219; (804) 782-7259

Total real estate assets managed	$24 million
Equity	$14 million
Tax-exempt real estate assets	$24 million
Equity	$14 million
Tax-exempt real estate clients	191

As of the year ended June 30, United Virginia Bank received new business commitments of $2.7 million for equity real estate investments.

Of the $23.8 million in equity real estate under management for tax-exempt clients, $726,503 was for contributions committed but not yet received and $9.3 million was in cash. The firm's property holdings had a market value of $13.8 million and a book value of $12.2 million. There was $2.8 million in debt connected with those properties.

All assets under management were in United Virginia's open-end, commingled equity group trust, the Real Estate Investment Fund for Employee Benefit Trusts.

Assets under management were invested 100% in existing properties, including commercial, industrial and office buildings.

Clients include Virginia Chemicals Inc., United Virginia Bank Retirement, Media General Inc. and Overnite Transportation Co.

Ronald E. Martin, assistant vice president, is in charge of property investments and client contact.

The annual guide to microcomputer products and services will be in the Oct. 14 issue.

W

Wachovia Bank & Trust Co.
P.O. Box 3099, Winston-Salem, N.C. 27150; (919) 770-4169

Total real estate assets managed	$602 million
Equity	$602 million
Tax-exempt real estate assets	$579 million
Equity	$579 million
Tax-exempt real estate clients	261

As of the year ended June 30, Wachovia Bank & Trust Co., N.A. received new business commitments of $15 million for equity real estate investments.

Of the $579 million equity real estate under management for tax-exempt clients, $132 million was in cash. The firm's property holdings had a market value of $447 million and a book value of $267 million. There was no debt connected with those properties.

Of the total under management for tax-exempt clients, $351 million was in commingled or pooled equity funds, and $228.5 million was in direct, separate equity accounts.

The tax-exempt assets are invested 60% in existing properties and 40% in development. The asset mix by type of property is: 5% office; 56% industrial/warehouse; and 39% raw land.

Robert Smedley, senior vice president and manager, real estate investment department, is in charge of property investments. Nick Verano and Cindy Corey are client contacts.

Wagner Southern Forest Investments Inc.
11 Piedmont Center, Suite 404, Atlanta, Ga. 30305; (404) 239-0986

Total real estate assets managed	$50 million
Equity	$50 million
Tax-exempt real estate assets managed	$0

As of the year ended June 30, Wagner Southern Forest Investments had $50 million under management for taxable clients. There were no tax-exempt clients under management.

All assets are invested in existing timber properties.

Charles M. Tarver, principal, is in charge of property investments. David S. Graham, principal, is the client contact.

Wells Fargo Realty Advisors
330 Washington St., Marina del Rey, Calif. 94549; (213) 822-2032

Total real estate assets managed	$2,118 million
Equity*	$418 million

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Mortgages	$1,700 million
Tax-exempt real estate assets	$645 million
Equity*	$374 million
Mortgages	$271 million
Tax-exempt real estate clients	150

* Combines equity real estate and hybrid debt.

As of the year ended Dec. 31, 1984, Wells Fargo received new business commitments of $109 million from 18 clients for equity real estate and hybrid debt investments.

Of the $645 million equity real estate under management for tax-exempt clients, $42 million was in cash. The firm's holdings had a market value of $603 million. There was $23 million in debt connected with those properties.

All of the tax-exempt asset under management, were in a commingled fund.

The firm also invested $44 million for foreign pension funds.

Tax-exempt real estate assets are invested 40% in existing properties and 60% in development ventures. The asset mix by type of property is: 34% industrial/research and development; 33% office; 13% retail; and 11% residential; 1% hotel; 8% other.

Wells Fargo offers three commingled funds.

Clients include American Telephone and Telegraph Co., General Motors Corp. and Frank Russell Trust Co.

Doug Hayek, director of acquisitions, is in charge of property investments. J. Michael Johnson, director of marketing, is the client contact.

Construction at record level

The pace of construction and absorption in the nation's office market reached record levels during the first six months of 1985, according to The Office Network Inc., Houston.

Meanwhile, data from Office Network and Coldwell Banker Capital Management Services, Los Angeles, showed vacancy rates for office and industrial properties also continued to rise.

The Office Network's semi-annual 24-city survey showed a total of 177.1 million square feet of multitenant office space under construction as of June 30, compared to 155.9 million square feet as of Dec. 31, 1984, and 132.4 million square feet a year ago.

The construction rate during the first half of 1985 represented a 7.3% increase over the previous high of 165.1 million square feet during the second half of 1981.

Absorption over the 12 months ended June 30 was 75.9 million square feet, compared to 67.5 million square feet the previous year, the report said.

Average vacancy, which at 16.3% has fallen 0.1% from year-end 1984, is nearly two full percentage points higher than a year ago.

With more than half the current construction due for completion in 1986, the report predicts an "active" marketplace over the next 18 months. Overbuilding, it notes, "means opportunities for both tenants and investors."

In the Coldwell Banker Capital Management Services second quarter survey, the downtown office vacancy rate in 34 cities increased to 16.1% as of June 30, from 15.3% at the end of the first quarter.

The increase brought the rate to its highest level since the index was started in 1978.

Suburban office vacancies in 34 areas surveyed increased 0.8%, to 19.7%, also the highest level since the index was begun in September 1983. The suburban vacancy rate index has trended upward since the fourth quarter of last year.

Coldwell's index measuring industrial vacancy rates in 21 metropolitan areas also exhibited an increase, albeit a more modest one, in 1985's second quarter. The index, which covers industrial buildings with 100,000 square feet or more, increased to 4.9% as of June 30 from 4.8% as of March 31. ■

Gap narrows . . .

Continued from page 13

tax-exempt institutions continued to expand their real estate investments during the past year.

Managers surveyed reported total equity-oriented assets under management as of June 30 of $47.9 billion, an increase of 18.9% over the 1984 total of $40.3 billion.

As in past years, the bulk of money is concentrated in relatively few hands, with the 15 largest managers accounting for more than two-thirds of all money.

Of the total, $38.9 billion, or 81.2%, was in equity (invested, cash reserves and committed, but not yet in hand), while $9 billion or 18.8% was in hybrid debt. The managers had an additional $4.2 billion in mortgages.

In all, according to the survey, $52.1 billion in tax-exempt assets are invested in, or committed to, real estate equity, hybrid debt and mortgages. The amount represents 4% of the estimated $1.3 trillion in U.S. pension fund assets.

The real estate investment advisers reported total assets under management for taxable and tax-exempt clients as of June 30 of $193.1 billion, including $84.6 billion in equity, $12.3 billion in hybrid debt and $95 billion in mortgages.

That total reflects $8.9 billion managed for offshore clients, including $3.7 billion for foreign pension funds.

Tax-exempt real estate assets under management are invested 88.3% in existing properties and 11.7% in developmental ventures, with the following breakdown by property type: 45.2% office; 16.6% industrial; 2.5% hotel; 4.3% research and development facilities; 15.7% retail; 4.7% residential; 7.4% undeveloped land; and 3.6% other.

Reflecting the marketing strengths of the insurance giants, the first and second positions in the new business ranking were occupied by life companies.

Equitable, reporting new accounts totaling $905.3 million, was at the top of the list, followed by Aetna, with $650 million in new business.

Independent managers also reported strong new capital commitments during the year. But several who were prominent last year in terms of new business, including Aldrich, Eastman and Waltch and Security Capital Real Estate Corp., were absent from the Top 10 new business leaders in 1985.

New this year to that list are Heitman, third in the ranking, with $562 million in new business; Karsten Institutional Realty Advisors, reporting $532 million and ranked fourth; The Boston Co. Real Estate Counsel Inc., sixth with $384 million; and LaSalle, eighth with $377 million.

The top-ranked tax-exempt mortgage manager for 1985 was Philadelphia-based L&B Real Estate Advisors, with $594 million, followed closely by Manufacturers Hanover Trust Co. Real Estate Investment Advisory Group, $588 million, and Lomas & Nettleton Advisory Group Inc., $525 million.

When ranked by total equity assets under management (inciuding taxable and tax-exempt), JMB Institutional Realty Corp. is first, with $11.5 billion; followed by Equitable, $10.5 billion; Prudential, $6.4 billion; and Metropolitan Life, $4.9 billion.

When counting taxable and tax-exempt assets, the leading mortgage manager is Aetna, with $14.1 billion, followed by Metropolitan Life with $13 billion and The Travelers, $11.3 billion.

Profiles of 100 real estate managers, all of whom responded to *P&I Age's* annual real estate questionnaire, are included in this year's directory. ■

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Cash Management

Payden & Rygel index of short maturities assets*
(for month ending August 30, 1985)

	August 1985	Quarter ending 6/30/85	Year to date	12 months ending 8/30/85	Yield level monthly change*
	Unannualized total returns				
90 Day					
U.S. Treasury Bill	0.6711	2.2863	5.6301	9.7514	−14
Domestic C.D.	0.6784	2.3003	5.7502	10.0250	0
Euro $ C.D.	0.7267	2.3448	5.9013	10.3014	−20
180 Day					
U.S. Treasury Bill	0.7207	2.8466	6.1927	11.2128	−11
Domestic C.D.	0.7587	2.7266	6.0414	11.1632	−18
Euro $ C.D.	0.8478	2.7915	6.2794	11.4513	−35
1 Year					
U.S. Treasury Note	0.7677	3.7860	7.0857	13.5132	−9
2 Year					
U.S. Treasury Note	0.8515	5.5572	8.5621	17.6379	−5

*Figures are unannualized total returns. Year-to-date and 12-month figures linked monthly. 90 and 180 Day Treasury Bill yield level changes on discount basis.
†Basis points.
Source: Payden & Rygel, Los Angeles, California 90017

The Payden & Rygel index of short maturities assets is published in every other issue. It charts the total returns on cash investment and highlights the difference between total returns and simple yields.

FASB mulls rule on cash flow reporting

By Richard J. Gillespie

NEW YORK — The Financial Accounting Standards Board likely will issue a standard next year requiring a cash flow statement in such financial statements as annual reports.

Corporations now have a choice of using cash flow or working capital when reporting statements of changes in financial positions.

The FASB's new standard would drop the use of working capital, instead using cash as the basis on the statement of changes, the third leg of the three-legged financial reporting stool. The balance sheet and income statement are the two other legs.

Members of the financial accounting community, and others, increasingly have adopted the view that defining funds as cash is the more meaningful way to represent the internal dynamics of corporate earnings patterns.

APB 19, a rule requiring statements of changes in financial position, sometimes called funds statements, was introduced in 1971 by the Accounting Standards Board, the forerunner of the FASB.

Then, working capital was widely used as a concept in ratios of financial measurement, and corporations were given a choice between using working capital or cash.

Working capital, while used less frequently now than in the past, still is the basis of the statement of changes in financial position for many companies.

For example, in their most recent annual reports, Dana Corp., Varian Associates, Gulf & Western Industries Inc., Kidde Inc. and Levi Strauss & Co. all used working capital on their statements. Household International Inc., R.J. Reynolds Industries Inc., Rockwell International, Sperry Corp. and Lockheed Corp. all defined funds as cash.

When working capital is used, changes in the level of current asset and current liability accounts are omitted and only the net increase or decrease in working capital is reported.

As a result, analysts do extra work to document changes in important current asset and current liability accounts such as cash and marketable securities, inventories, prepayments, accounts receivable and accounts payable.

Halsey Bullen, a project manager at the FASB, said the question is when the requirement will be introduced, not whether it will be.

"It is conceivable that it will all fall apart, although unlikely," said Mr. Bullen.

Last year, the FASB published Conceptual Statement No. 5, which called "in concept" for a statement of cash flows. A concept statement is a recommendation and falls short of the so-called "standard" or mandatory requirement.

The FASB voted unanimously to add the project to its agenda this year.

Many financial analysts favor the change. Leonard Savoie, professor of business administration at the University of Notre Dame and chairman of the accounting committee there, said the use of working capital as the basis has become less and less meaningful to analysts.

Working capital helps examine the changes in each account other than working capital; these then have to be offset by a comparable change in working capital, he said.

"That means you take the change in current assets minus current liabilities, and that is your principal focus. The new focus is going to be on the cash account alone," he said.

This is a superior way of reporting changes in financial position, he said, because companies no longer manage working capital.

"They manage the cash, and one of the biggest problems was the level of inventories and receivables. The management of them is necessary if you are going to maintain a liquid cash position, and the statement of changes in working capital basically does not give you that kind of information to help you manage," he said.

In surveys of corporations conducted by Mr. Savoie during the two most recent recessions (1978 and 1982), respondents clearly indicated cash flow projections and cash flow management had become more important than managing financial ratios.

Both surveys indicated this shift in philosophy had come about over the past decade. It had been strengthened by the onset of intense inflation during the second recession, which "accentuated the need to manage liquidity very carefully," he said.

Continued on page 49

Method makes a world of difference

U.N. system sophisticated

By Fred Williams

NEW YORK — Bruce Hillis is not a member of the diplomatic corps, but his duties at the United Nations bring him into frequent contact with most world governments.

As chief of the treasury section of the United Nations Development Program, the central funding agency within the United Nations, Mr. Hillis collects money from 160-member countries and coordinates its redistribution to development nations in the form of grants or seed funding.

Mr. Hillis has adopted a sophisticated cash management strategy since joining the United Nations in 1979 from a consulting position in Canada. He has directed the conversion from a paper-based mutual treasury operation to probably the largest automated international cash management system in the world.

The UNDP receives voluntary contributions from its member countries, each with its own currency, and has investments in 25 countries with 400 banking relationships around the world.

The system, known generically as income cash management system, was designed by John Wilson, then with Chemical Bank but now owner of his own cash management consulting group, Brockden Associates Inc., Mendham, N.J.

The system took nearly nine years to develop and install, Mr. Hillis said.

"When we were on a telex basis, it would take three or four days to find out we had $15 million to $20 million sitting in a bank account," he said. And it was costing money to monitor and coordinate multiple sources of money worldwide and disburse it internationally without a computer.

Daily cash flow through the system is difficult to pinpoint, he said, since on some days it may be $50 million and the next, only $500,000.

"We have tremendous fluctuations in cash flow. That, too, was part of the problem because finding out where the money is deposited and when it was deposited is a major problem. Because most of that is tagged to SWIFT (Society for Worldwide Interbank Financial Telecommunication, the worldwide interbank transfer system), as soon as the credit hits our account in another country, that generates a report for us that night so we know the deposit is there the next day," he said.

"Because we have a giant cash flow in 160 currencies, this system

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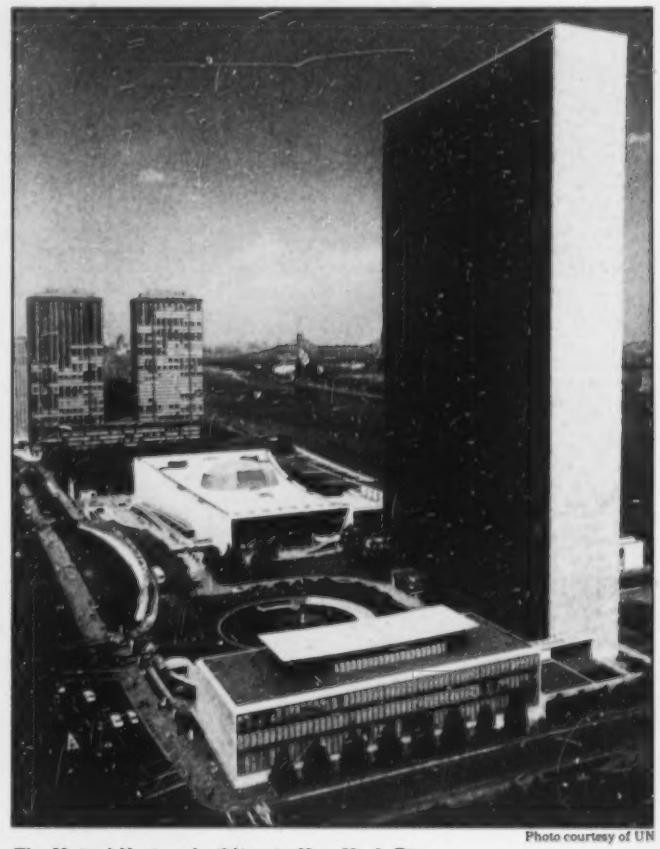

Photo courtesy of UN

The United Nations building in New York City.

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Pensions & Investment Age

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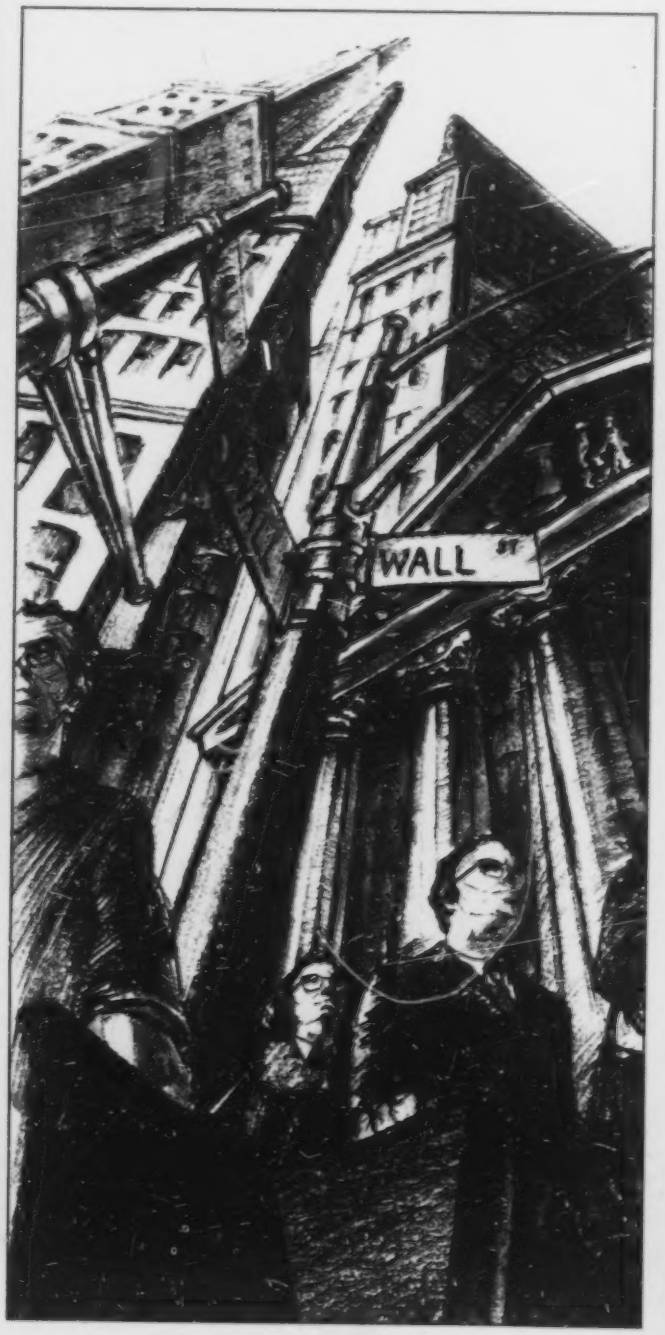
SALOMON, GOLDMAN TOP WALL STREET SURVEY; Merrill best for equity research



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AT&T, GM pioneer real estate move

By Alan Krauss

An estimated $650 million participating loan made by the pension funds of General Motors Corp. and American Telephone & Telegraph Co. likely represents the first time pension funds have taken direct interest in a large portfolio of existing shopping centers.

In the past, pension funds have been involved in purchases of groups of shopping centers only through commingled funds, or they have participated in purchases of individual shopping centers.

The two huge pension funds lent the money to Detroit shopping center magnate A. Alfred Taubman, rated by Forbes magazine as the richest person in Michigan, in a deal put together by New York investment banker Salomon Brothers. Aldrich, Eastman & Waltch, Boston, was the real estate investment adviser to both pension funds in the transaction.

Neither GM nor AT&T officials would disclose the terms or structure of the financing, which was secured by Mr. Taubman's interests in 17 regional shopping centers developed by his Taubman Co. and valued at $2 billion.

Real estate experts said the loan probably is in the form of a coupon-bearing note senior to the equity Mr. Taubman retains in the centers.

Taubman Co. officials said the deal carries an equity option entitling the two pension funds to become 50% owners after 1997 of Taubman Realty Group Limited Partnership, a vehicle formed to execute the financing.

At least one major institutional investor rejected the deal in its formative stages because of questions about its structure. "It was really not a real estate deal, it was a bond," a source at the institution said. "And the interest rate that was proposed was not attractive."

AT&T's commitment to the Taubman deal was made with money already allocated to real estate. It is unclear whether GM used assets already committed to real estate or invested freshly allocated money.

Continued on page 66

Late news

'Junk' bonds junked

SACRAMENTO, Calif. — The California Teachers' Retirement System has dropped plans to add high-yield bond managers.

Tom Flanigan, the system's chief investment officer, said the so-called junk bonds wouldn't fit in with the system's new long-range objectives.

The system had gotten as close as

Continued on page 4

Pensions & Investment Age

Asset reversions skyrocket to $8 billion

By Chuck Paustian

WASHINGTON — More than $8 billion is expected to be plowed into corporate coffers through completed and pending terminations of overfunded pension plans as of June 30.

Corporations had recaptured $6.2 billion as of March 31.

Other significant findings from an analysis of data compiled by the Pension Benefit Guaranty Corp. include:

• The average amount of money reverting to corporations is shrinking, after several years of growth.

• Companies are recapturing an increasingly smaller percentage of the total assets of the plans they are terminating.

(However, statistics on the average reversion and the average percentage of total assets do not include plans with termination dates after June 30. Excluded were United Air Lines' proposal to recapture $962.2 million by terminating five defined benefits with total assets of $1.6 billion and Union Carbide Corp.'s plan to recapture $500 million by terminating its $2.8 billion plan.)

The average reversion among plans whose approved termination date was between Jan. 1 and June 30, 1985, was 46.9%, compared with 59.1% among plans whose approved termination date was a year earlier.

Reversions as a percentage of total assets skyrocketed to as much as 63.7% after the third quarter of 1984.

Plans terminating during the first half of this year had an average reversion of slightly more than $8 million; plans terminating during the first half of last year had an average reversion of almost $10.6 million.

Since May 1980, corporations will have recaptured $8.07 billion from terminated pension plans with reversions of $1 million or more, the PBGC's data as of June 30 show. Those plans have total assets of $17.89 billion.

Although the average amount of recovered assets has declined, corporate sponsors don't seem deterred from terminating their overfunded pension plans.

The PBGC's statistics show 155 notices with termination dates during the first half of 1985 were filed for plans with assets totaling slightly more than $3 billion. The average size of plans that filed termination notices was $19.4 million. For the same period in 1984, only 116 notices were filed for plans with total assets of $2.16 billion. The average size of the plans that filed was $18.6 million.

Among plans recently filing notices of intent to terminate are:

• American Sterilizer Co., Erie, Pa., with assets of $46.1 million and surplus assets of $21.7 million.

• H.P. Hood Inc., Boston, with $62 million in assets and an expected reversion of $14.5 million.

• Wilson Sporting Goods Co., Chicago, with assets of $45 million and an expected reversion of $14 million.

• Xtek Inc., Cincinnati, with assets of $34.3 million and an expected reversion of $16 million.

Continued on page 65

Investors favored Salomon in survey

By Alan Krauss

NEW YORK — Salomon Brothers Inc. is the clear favorite of institutional investors assessing the equity and fixed-income research and execution abilities of the nation's brokerage firms, *Pensions & Investment Age's* fifth annual institutional brokerage survey shows.

But while Salomon's fixed-income strengths were such that it swept away the overall competition, the survey shows other brokerage firms offer superior services in the equity arena.

Respondents awarded top honors for equity research to Merrill Lynch & Co. Inc., while Goldman, Sachs & Co. was judged to offer the best execution of equity block trades.

Goldman, Sachs also was named the firm with the highest overall quality of services, just ahead of Merrill Lynch.

The 104 investment management firms responding to *P&I Age's* survey were asked to name the three best firms in 1984 for equity research, equity trading, bond research and bond trading.

On the basis of three points awarded for every first-place mention, two points for second and one point for third, Salomon scored 448 points; Merrill Lynch, 360; and Goldman, Sachs, 312. None of the others scored even 200 points.

The overall rankings represent a reshuffling of the top three firms identified in last year's survey, in which Goldman, Sachs was first, followed by Salomon and Merrill Lynch.

Those responding to the survey — large money managers and investment officers of internally managed pension funds — manage assets totaling $278.5 billion, with the average amount under management $2.8 billion. They paid an aggregate of $190 million in brokerage fees, up 7.6% from last year. The most paid by one manager was $18.8 million, while the median commission cost was $2.1 million, an increase of 38.1% over last year.

Continued on page 17

Latest withdrawal attempt

Lear Siegler dropping IPGs

By Barry B. Burr

SANTA MONICA, Calif. — In the latest of a number of similar moves by pension funds, Lear Siegler Inc. is beginning negotiations with several insurance companies to withdraw about $20 million in immediate participation guarantee contracts.

The renegotiation of IPGs, essentially investments without any maturity, has been troublesome in general to both holders and insurers, at times leading to lawsuits. Some insurance companies contend there is nothing to negotiate.

At Lear Siegler, Harvey D. Welles, director-retirement funds and senior economist, said negotiations with the five insurance companies could take 18 months.

"We're renegotiating primarily for liquidity reasons," he said, adding Lear Siegler wanted to invest the proceeds elsewhere. "The contracts basically last forever."

He said the proceeds would be reinvested in fixed-income and equity investments.

The company hired Morley Capital Management Inc., Portland, Ore., to negotiate the withdrawals.

"Morley is trying to renegotiate to keep the market value adjustment (loss) low," Mr. Welles said.

He said the contracts allow Lear Siegler to terminate anytime, but "there are clauses in there dictating the market adjustment."

The contracts are with Connecticut General Insurance Co., Hartford, Conn.; Equitable Life Assurance Society of the United States, New York; Aetna Life & Casualty Co., Hartford, Conn.; Bankers Life Co., Des Moines, Iowa; and Union Mutual Life Insurance Co., Portland, Maine.

Mr. Welles said the contracts' current average return is between 9% and 12%.

He said declining market interest rates would make the renegotiating easier.

> *"We're renegotiating primarily for liquidity reasons . . . The contracts basically last forever."*
> —Harvey D. Welles, Lear Siegler Inc.

"The penalties of withdrawal aren't as severe," he said, because the contracts' current return is near market rates on similar investments. "That was part of our reason for opening discussions."

At Bankers Life, John S. Martin, vice president, agreed. "With current market rates down, a negative market value adjustment is diminished," he said, speaking about IPGs.

In fact, he added, "The cash-out could be at a premium, if the IPG rate is higher than current rates."

Mr. Welles said Lear Siegler assumed some $35 million, book value, in IPGs including the approximately $20 million being renegotiated, in its acquisition of Bangor Punta Inc. Lear Siegler's pension fund totals $215 million.

But Lear Siegler gave Morley only about half of the contracts to renegotiate. "The nature of the other contracts is different," he said. "Our options are a little different; it actually may be easier to get out (of them)." He said those contracts were with Connecticut General and Aetna.

"I didn't want to give Morley all the contracts," he added.

Officials at Bankers Life and Aetna said there is nothing to negotiate in the contracts.

"Negotiation is kind of a bad label," Bankers Life's Mr. Martin added. "There isn't anything to negotiate. It's no mystery. I suspect at some (insurance) companies there might be a process of negotiation."

At Bankers Life, he said, "The contract is clear; there is no book value withdrawal."

The options are to take it out immediately at market (and probably less than book) value, or to receive the book value spread out in payments over nine years.

At Aetna, William N. Martin, assistant vice president, said, referring to Lear Siegler, "They don't need to hire anybody to talk with us. There is no need for Lear Siegler to have a mouthpiece for them.

"There are people out there saying, 'Pay me a fee and I can get something out of them (the insurers) you can't.' That's a lot of bunk. I've never witnessed any instance where they succeed in negotiating anything we wouldn't have given

Continued on page 62

Must top S&P by 400 basis points

GTE funds Barr Rosenberg

By Steve Hemmerick

STAMFORD, Conn. — The approximately $5 billion GTE Corp. pension fund reportedly committed $100 million to Rosenberg Institutional Equity Management, increasing by 333% the firm's assets under management and challenging it to beat the Standard & Poor's 500 stock index by 400 basis points per year.

GTE also is said to be changing its asset allocation and dropping several of its approximately 50 existing managers.

GTE officials would not confirm the hiring nor comment on any other changes in pension fund management. But Marlis S. Fritz, director of marketing for RIEM, said the firm had been hired by GTE officials. She said GTE officials have told the money management firm to surpass the S&P 500 index by a gross return of 400 basis points.

Barr Rosenberg of RIEM

The fledgling investment manager's objective is ambitious, considering all-too-frequent discussions these days about the inability of many active money managers to even match the S&P 500. Ms. Fritz said RIEM executives are "confident" they can do so.

RIEM officials also are appreciative of GTE's confidence in them; without GTE's commitment, RIEM has only $30 million under management, of which two-thirds is new business. GTE's contribution will give the RIEM team the ability to show what it can do.

Because of special quantitative techniques used, RIEM executives would have preferred to compete against a broader index, such as the Russell 3,000 or Wilshire 5,000. However, they took on GTE's directive.

RIEM uses quantitative techniques to search out fundamental, but not absolute, values. It is in all sectors of a given universe at all times, but selects only a relatively few companies from each sector, those with unrecognized values, RIEM officials said.

Rather than making judgments about the absolute value of a company, RIEM seeks to identify and exploit errors others make in valuing companies, they said.

Barr Rosenberg, the former University of California at Berkeley business professor and founder of BARRA, a financial consulting firm, is RIEM's chief investment officer. (RIEM's only connection with BARRA is Mr. Rosenberg.)

RIEM executives assert they can beat the market through active management; GTE officials told them to prove it.

At least some of the $100 million given to RIEM has come from managers who apparently failed to keep promises they made to GTE. RIEM executives say they are confident they will keep theirs.

Officials of several management firms on GTE's extensive roster of managers said they still are running money for the pension fund. At least one, Hutton Capital Management, New York, had its allocation increased this year, a spokesman said. He could not provide further information.

Officials of several other firms on GTE's roster declined comment. No one confirmed any manager terminations.

A spokesman for GTE's master trustee, State Street Bank & Trust Co., Boston, said he is aware that changes may be going on but referred questions to GTE. State Street remains one of GTE's money managers as well as master trustee, the spokesman said. ■

Premium hike only sure thing

By Joel Chernoff

WASHINGTON — Companies will see a hike in the premium they pay the Pension Benefit Guaranty Corp. for insurance of single-employer pension plans.

But how large that increase will be, when it will take effect and how long it will last were unclear, at least as of press time.

What's more, the Reagan administration's long-sought-after reforms to the termination insurance system hung in doubt, as House labor and tax-writing committees slugged out a bitter turf war.

Meanwhile, their counterparts in the Senate were trying to fuse their own bill in an effort to come up with reforms more palatable to business while not losing the upper hand to the lower chamber.

Few pension experts, however, are willing to make predictions on the legislation's future.

"At times it looks like it's good, at other times it looks like it's not," said one government official involved in the negotiations.

Participants were hoping differences would be resolved by Sept. 27, which was the deadline for congressional committees to report their budget recommendations.

If some legislation survives this stage, several scenarios could develop, including a battle in a House-Senate conference on specific provisions in the bill.

In addition, observers fear Sen. Howard Metzenbaum, D-Ohio, may pose an obstacle at various steps along the way if he holds out for action on asset reversions stemming from terminations of overfunded plans.

The senator was angered by Labor Secretary William E. Brock's Sept. 20

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Reynolds, Nabisco plan to change after merger

WINSTON-SALEM, N.C. — The merger of R.J. Reynolds Industries Inc. and Nabisco Brands Inc. will result in changes in the combined $2.2 billion pension fund's stable of outside managers.

Gene A. Hoots, president of RJR Investment Management Inc., said manager changes must await the completion of a re-examination and possible restructuring of the treasury of the merged companies and the arrival of Harrison M. Bains, formerly treasurer at Nabisco and recently named vice president and treasurer of R.J. Reynolds.

RJR Investment Management Inc. is Reynolds' in-house investment management subsidiary; Mr. Hoots is the executive responsible for pension-asset management.

John W. Dowdle, formerly Reynolds' treasurer, was elected a Reynolds senior vice president.

Although Mr. Bains oversaw pension asset management at Nabisco, it is unclear whether that will be among his responsibilities at Reynolds, according to company spokesmen.

The combining of Reynolds' and Nabisco's pension assets appears to be proceeding more rapidly than has been the case in other Reynolds' acquisitions.

The merger was announced less than five months ago and was completed only about a month ago.

In two other instances, Reynolds executives waited 18 months before combining the management of acquired companies' pension funds with their own.

Late news

Continued from page 3

picking finalists for the job. Finalists were: AIM Management Inc., Houston; BEA Associates, New York; Delaware Investment Advisers, Philadelphia; First Investors Asset Management Co. Inc., New York; Kemper Financial Services, Chicago; Massachusetts Financial Services Co., Boston; and Travelers Investment Management Co., Hartford, Conn.

Star misses payment

Star Technologies Inc. failed to make a September interest payment on a convertible subordinated note issue held by General Electric Co.'s pension fund and others.

The GE fund bought $6 million of the $11 million in notes issued as a private placement, a spokesman said, adding the fund regards it as part of its venture capital investments. The spokesman said the fund is seeking payment.

The notes reportedly pay a 10% annual interest rate.

Officials at Star, which reportedly has a contract to make medical imaging equipment for GE, were unavailable for comment on the issue. Star, whose shares trade over the counter, reported losses of $1.3 million and $4.9 million in the quarters ended, respectively, Dec. 31 and March 31.

Agent Orange fund

WASHINGTON — The nation's money managers will get a shot at providing investment management and claims administration services for about $150 million set aside for cash awards to veterans exposed to the herbicide Agent Orange during the Vietnam War.

Kaye, Scholer, Fierman, Hays & Handler, a Washington law firm appointed to oversee the Agent Orange Veteran Payment Program, is soliciting proposals for contracts to manage the money, which is part of a $180 million settlement in 1984 of a class action suit brought against seven manufacturers of the herbicide, according to Kenneth R. Feinberg, a Kaye, Scholer partner.

Mr. Feinberg said he has not yet determined how many or what types of managers will be retained.

USC picks new firm

LOS ANGELES — The University of Southern California has become the first client of Aronson & Fogler Investment Management, Philadelphia. Lyn Hutton, USC treasurer, said the $190 million endowment hired Aronson & Fogler to run a $10 million equity account.

The firm will manage a portion of the endowment fund's core equity portfolio. Its investment style features large holdings of Standard & Poor's 500 stocks in about equal weightings to the index. While portfolios contain up to 250 individual securities, backtesting indicates it has outperformed the S&P 500 for the past 10 years, said Ted Aronson, a partner.

Late money movers

• DALLAS — The Texas Utilities Co. System, a utility holding company with about $500 million in employee benefit assets, has hired two fixed-income managers.

Rosenberg Capital Management, San Francisco, and Standish, Ayer & Wood Inc., Boston, will run fixed-income portfolios of up to $30 million each, according to a company spokesman.

• DECATUR, Ga. — The $139 million DeKalb Employees Retirement System hired Newbold's Asset Management, Philadelphia; Southeastern Asset Management Inc., Memphis, Tenn.; and Wedge Capital Management, Charlotte, N.C., to run equity accounts of $15 million, according to Betty Barton, fund administrator.

The fund also increased its allocation to balanced manager INVESCO Capital Management Inc., Atlanta, to $109 million from $86 million. The fund terminated two Atlanta stock managers, Atlanta Capital Management, which had run $32.5 million, and Wall, Patterson, Hamilton & Allen Inc., which had managed $20 million. The fund also shifted a small internally managed cash equivalent account to INVESCO.

• TWINSBURG, Ohio — D.S. Revco Inc., with $55 million in pension and profit-sharing assets, hired The Boston Co. Inc., Boston, to manage a fully discretionary, value-oriented equity account, according to Wilbur Smith, treasurer.

Mr. Smith said the company's $35 million pension plan has funded $4.7 million of a commitment expected to total $8 million.

SEI Funds Evaluation Services, Chicago, was the consultant.

• ARLINGTON, Texas — The Martin Sprocket & Gear Co. has hired MSecurities in Dallas to run a $5 million balanced portfolio for the firm's $20 million profit-sharing plan, a company spokesman confirmed.

• ATLANTA — Aaron Rents Inc. hired First National Bank of Atlanta as investment manager, record keeper and trustee of its new 401(k) plan, said J. Ray Minchew, vice president-finance.

Institutional BROKERAGE Survey

The 104 investment management firms responding to Pensions & Investment Age's *survey on brokerage firms were asked to name the three best firms in 1984 for equity research, equity trading, bond research and bond trading.*

Broker survey . . .

Continued from page 3

These institutions used an average of 38 brokers, four less than in last year's survey, while the median cost of buying or selling a security fell 13.1%, to 10.6 cents from 12.2 cents.

Average per-share trading cost fell two years in a row after rising in 1981.

Merrill Lynch displaced Salomon Brothers as the firm receiving the greatest amount of commission dollars, taking in $8.6 million in commissions for an increase of 19.4%. Merrill was followed by Goldman, Sachs, which earned $7.4 million; Salomon, $3.4 million; First Boston Corp., $2.7 million; and Morgan Stanley & Co. Inc. and Smith Barney, Harris Upham & Co. Inc., $1.9 million each.

In equity research, Merrill Lynch and Goldman, Sachs ranked first and second for the third consecutive year, receiving 37 and 15 first-place votes and 149 and 82 total points, respectively.

First Boston, named best by nine institutions, replaced Dean Witter Reynolds Inc. in third place for equity research. (Dean Witter did not make the Top Five.)

Other firms receiving three or more first-place mentions from respondents were Paine, Webber, Jackson & Curtis Inc.; Donaldson, Lufkin & Jenrette Securities Corp.; and Drexel Burnham Lambert Inc., which was not among the top firms last year.

The Top Five firms for equity block trading were unchanged from last year: Goldman, Sachs was first with 29 votes and 148 total points, followed by Salomon, Merrill Lynch, Morgan Stanley and Jefferies & Co. Inc.

Salomon Brothers was far and away the most highly acclaimed fixed-income brokerage firm in 1984, receiving 42 first-place votes and 160 total points for its research and 36 first place votes and 152 total points for its trading prowess.

In research, Salomon was followed by First Boston, with 10 first-place votes and 76 points; Merrill Lynch, nine first-place votes and 58 total points; L.F. Rothschild, Unterberg, Towbin; and Goldman, Sachs.

In execution, Salomon was trailed by Merrill Lynch, eight first-place votes and 75 total points; First Boston, six first-place votes and 53 total points; Shearson Lehman Brothers, six first-place votes and 28 points; and Goldman, Sachs, five first-place votes and 48 total points.

Salomon was named by 31 respondents as the firm receiving most of their fixed-income business, followed by Merrill Lynch, named by 17; First Boston and Shearson Lehman Brothers, six each; and Goldman, Sachs, five.

The best execution of options and futures orders is offered by Salomon, according to the survey. Salomon is followed by Merrill Lynch, Morgan Stanley and Kidder, Peabody & Co. Inc. for options execution and by Kidder, Peabody and Merrill Lynch for futures execution.

Those surveyed most frequently identified Salomon, along with Drexel Burnham, as the brokerage firms that provided them with the single best investment idea of 1984. Each received six votes for best idea, followed by Cyrus J. Lawrence Inc., Merrill Lynch and Paine, Webber, with four votes each.

According to the survey, money managers and investment officers of internally managed pension funds used soft dollars to purchase an average of 38.5% of their securities research. Merrill Lynch was identified by 14 respondents as the firm receiving the most soft-dollar business. Goldman, Sachs was second and William O'Neil & Co. Inc., third.

Merrill Lynch also was most frequently identified as the firm executing the largest amount of soft-dollar business, followed by Autranet Inc.; Bear, Stearns & Co. and Goldman, Sachs.

Survey respondents said that, on average, they would have bought only about one-half the research purchased with soft dollars if the discount had not been available. Of those who chose to answer the question, 44% said they would use the same amount of soft dollars in 1985, while 33% said they plan to use more and 24% said they will use less.

William Blair & Co., Chicago, was the brokerage firm named as offering the best research of regional and small-capitalization firms when scored according to number of first-, second- and third-place mentions, receiving a total of 50 points. It was followed by Alex. Brown & Sons Inc., Baltimore, 40 points; Robinson-Humphrey/American Express Inc., Atlanta, 34; Prescott, Ball & Turben Inc., Cleveland, 23; and Montgomery Securities, San Francisco, 20.

Sales representatives identified as best at calling on institutional managers, each receiving two votes, were: Tony Baldwin and Bill Hubbard, both of Paine, Webber; Tom Garr, First Boston; Ted James, Montgomery Securities; James Koltes, Kidder, Peabody; and David Schroll, Merrill Lynch.

Responses were similar to last year's on naming the most accurate market technicians and the most respected Wall Street economists.

Edward Hyman of Cyrus J. Lawrence again was named top economist, receiving more than twice as many votes as second-place Gary Wenglowski of Goldman, Sachs. Henry Kaufman of Salomon Brothers was third, replacing Lacy Hunt of Carroll McEntee & McGinley.

The two top market technicians identified in the survey again were Robert Farrell of Merrill Lynch and John Mendelson of Dean Witter.

In third place, however, Stanley Berge of Tucker, Anthony & R.L. Day Inc. replaced Alan Shaw of Smith Barney.

Respondents also were asked to predict the levels of the Dow Jones Industrial Average and long-term interest rates as of Dec. 31, 1985. They predicted an average for the DJIA of 1,382, and for long-term interest rates, 10.7%.

Finally, when asked which brokerage firm "consistently offers the highest quality services," the investment managers named Goldman, Sachs 25 times; Merrill Lynch, 24; Salomon, 13; First Boston, seven; and Morgan Stanley, five. ■

Institutional use of brokers

Total brokerage commissions paid by investment managers in 1984

Aggregate:	$ [illegible]
High:	$8 [illegible]
Median:	2 [illegible]
Low:	258,000

Trading costs per share in 1984

High:	25.0¢
Median:	10.6¢
Low:	3.5¢

Brokerage firms that received the most in fees from respondents in 1984

Merrill Lynch	$8,643,350
Goldman, Sachs	7,374,580
Salomon Brothers	3,378,800
First Boston	2,686,100
Morgan Stanley	1,943,200
Smith Barney	1,893,650

Number of brokerage firms used by one investment manager

High:	180
Average:	38
Low:	1
Median:	32

How brokers rate on research and trade execution (mentions)

Best overall quality

Most often named 1st	Most often named 2nd	Most often named 3rd
Goldman, Sachs Merrill Lynch (24) Salomon (13)	First Boston (7) Morgan Stanley (5) Kidder Peabody (4)	

Best equity research

Merrill Lynch (37) Goldman, Sachs (15) First Boston (9) PaineWebber (4) DLJ (3) Drexel Burnham (3)	Merrill Lynch (19) Goldman, Sachs (12) Salomon (12) First Boston (6) Morgan Stanley (5)	Goldman, Sachs (13) First Boston (9) Morgan Stanley (8) Kidder Peabody (7) PaineWebber (6)

Best equity trading

Goldman, Sachs (29) Salomon (22) Merrill Lynch (10) Morgan (8) Jefferies (5) First Boston (4)	Goldman, Sachs (23) Merrill Lynch (17) Salomon (14) First Boston (10) Morgan Stanley (6) PaineWebber (4)	Goldman, Sachs (15) Merrill Lynch (12) Salomon (9) First Boston (7) Jefferies (4) Kidder Peabody (4)

Best fixed-income research

Salomon (42) First Boston (10) Merrill Lynch (9) L.F. Rothschild (5) Goldman, Sachs (4)	Salomon (17) First Boston (17) Merrill Lynch (9) Goldman, Sachs (8) Pru Bache (4)	Merrill Lynch (13) First Boston (12) Goldman, Sachs (6) Kidder Peabody (5) Shearson Lehman (5)

Best fixed-income execution

Salomon (36) Merrill Lynch (8) Shearson Lehman (6) First Boston (6) Goldman, Sachs (5) Drexel Burnham (4)	Merrill Lynch (19) Salomon (18) First Boston (13) Goldman, Sachs (12) Pru Bache (3)	Merrill Lynch (12) First Boston (9) Goldman, Sachs (9) Salomon (8) Shearson Lehman (6)

Best regional brokerage firms

William Blair (10) Alex. Brown (10) Robinson Humphrey (6) Prescott Ball (5) Montgomery (5)	William Blair (8) Robinson Humphrey (7) Alex. Brown (4)	Montgomery (5) William Blair (4)

Best stock market technicians	Best Wall Street economists
Robert Farrell (42) John Mendelson (37) Stan Berge (15) Alan Shaw (15)	Edward Hyman (45) Gary Wenglowski (21) Henry Kaufman (14) David Levine, Jack Lavery (10)

100 largest investment institutions and subsidiaries ($ mils.)[1]

(For story on Top 100 institutions, turn to page 28.)

1. **Prudential Investment Corp.*** — **$86,368**
   - Prudential Capital Markets Group — 22,258
   - Prudential Realty Group — 16,498
   - Pru-Bache Investment Advisory — 7,100
   - Prudential Asset Mgmt. Co. Inc. — 34,607
   - PruCapital Inc. — 3,777
   - Prudential Equity Mgmt. Assoc. — 2,014
   - Prudential Venture Capital Mgmt. — 114
2. **Metropolitan Life Insurance** — **84,100**
   - State Street Research & Mgmt. — 11,400
3. **Equitable Life Assurance** — **77,000**
   - Equitable Life — 24,747
   - Alliance Capital Management — 22,031
   - Equitable Real Estate Invest. Mgmt. — 20,391
   - Equitable Investment Management — 7,817
   - Wood Struthers & Winthrop — 1,178
   - Calvin Bullock Ltd. — 836
4. **Aetna Life & Casualty Co.** — **76,971**
   - Consolidated Life Co. — 35,289
   - Federated Investors — 29,622
   - Consolidated Casualty Co. — 11,986
   - Other affiliates — 74
5. **American Express Co.** — **63,702**
   - Shearson Lehman Brothers Inc. — 44,116
   - (Includes LEMCO, $14.353 billion; The Boston Co., $10.436 billion; Bernstein McCauley, $10.195 billion; Balcor/American Express, $4.8 billion; Shearson Asset Management Inc., $4.015 billion; Shearson Equity Management, $150 million; Shearson Management Inc., $167 million.)
   - IDS Financial Services — 19,586
   - (Includes IDS Advisory Group, $3.162 billion; Gray, Siefert & Co., $330 million; IDS Trust Co., $388 million; IDS/Gartmore International, $85 million; and IDS Fund Management, $11 million.)
6. **Merrill Lynch & Co.** — **52,000**
   - Merrill Lynch Asset Mgmt. — 52,000
7. **Citicorp** — **42,000**
   - Citicorp Investment Management — 23,400
8. **The Travelers Insurance Co.** — **39,756**
   - The Travelers Asset Mgmt. — 1,056
9. **Bankers Trust Co.** — **39,700**
   - Investment Management Group — 32,500
   - Private Clients Group — 5,300
   - Endowments — 1,900
10. **TIAA-CREF** — **37,145**
    - TIAA — 20,105
    - CREF — 17,039
11. **CIGNA Corp.** — **36,000**
    - CIGNA Investment Advisory Co. — 21,500
    - CIGNA Capital Advisers Inc. — 8,000
    - CIGNA Investment Mgmt. Co. — 6,500
12. **Sears, Roebuck and Co.** — **34,757**
    - Dean Witter Financial Services — 16,000
    - SIMCO — 5,937
    - Allstate Insurance Co.* — 12,230
    - Coldwell Banker Commercial Group — 727
13. **J.P. Morgan & Co. Inc.** — **34,272**
    - J.P. Morgan Investment Mgmt. — 27,232
    - Morgan Guaranty Trust Co. — 6,938
    - Morgan Trust Co. of Florida — 102
14. **John Hancock Mutual Life*** — **32,771**
    - Tucker Anthony Holding Co. — 3,570
    - John Hancock Advisers Inc. — 1,862
    - Independence Investment Assoc. Inc. — 1,402
    - John Hancock Venture Capital Mgmt. — 223
    - John Hancock Financial Services — 156
15. **FMR Corp.** — **29,830**
    - Fidelity Mgmt. and Research — 27,400
    - Fidelity Management Trust Co. — 2,430
16. **PMC Financial Corp.** — **29,678**
    - Provident Bank — 23,784
    - Pittsburgh National Bank — 4,328
    - Northeastern Bank — 1,029
    - Marine Bank — 537
17. **Chase Manhattan Corp.*** — **29,638**
    - Chase Manhattan Bank — 18,048
    - Chase Investors Management — 3,558
    - Chase Lincoln First Bank — 3,160
    - Chase Manhattan Trust Co. of Fla. — 4,872
18. **The Dreyfus Group** — **27,200**
    - The Dreyfus Corp. — 25,300
    - Dreyfus Management Inc. — 1,900
19. **Mellon Bank** — **26,411**
    - Mellon Capital Mgmt. Corp. — 4,353
    - Mellon Real Estate Investment Mgmt. — 700
    - Franklin Portfolio Associates — 651
20. **New York Life Insurance Co.** — **26,100**
    - MacKay-Shields Financial Corp. — 3,140
    - N.Y. Life Insurance & Annuity — 2,918
21. **California Employees'** — **25,274**
22. **New England Mutual Life** — **25,300**
    - Copley Real Estate Advisers — 4,500
    - Loomis, Sayles & Co. — 14,000
23. **The State Farm Group** — **24,958**
24. **Manufacturers Investment** — **24,088**
    - Manufacturers Hanover Invest. Corp. — 19,319
    - Manufacturers Hanover Trust — 4,769
25. **Kemper Corp.** — **23,800**
    - Kemper Financial Services — 23,800
26. **Wells Fargo & Co.** — **22,433**
    - Wells Fargo Bank/WFIA — 20,133
    - Wells Fargo Realty Advisors — 2,300
27. **N.Y. State Common Fund** — **22,400**
28. **First Interstate Bancorp** — **21,843**
    - Harris, Bretall, Sullivan & Smith — 662
    - Leland O'Brien Rubinstein — 3,472
    - Western Asset Management — 3,252
    - Karsten Institutional Realty Advisors — 746
    - First Interstate Bank of Oregon — 1,500
    - First Interstate Bank of Idaho — 295
    - First Interstate Bank of Utah — 913
    - First Interstate Bank of Washington — 1,200
    - First Interstate Bank of Arizona — 1,451
    - First Interstate Bank of Denver — 2,500
    - First Interstate Invest. Advisors Nevada — 968
    - First Interstate Bank of California — 3,900
29. **The Capital Group** — **20,042**
    - Capital Guardian Trust — 10,627
    - Capital Research and Mgmt. Co. — 9,415
30. **Wellington Mgmt./TDP&L** — **17,645**
    - Wellington Trust Co. of Boston — 294
31. **T. Rowe Price Associates** — **17,590**
    - General partnership — 90
32. **First Chicago Corp.** — **17,297**
    - American National Bank — 7,036
    - First Chicago Investment Advisors — 6,520
    - First National Bank of Chicago — 3,741
33. **General Electric Co.** — **16,900**
34. **American General Corp.** — **15,100**
35. **The Northern Trust Corp.** — **15,065**
    - The Northern Trust Co. — 12,805
    - The Griffin Group — 2,260
36. **N.J. Division of Invest.**** — **14,900**
37. **Bank of Montreal*** — **14,700**
    - Harris Trust & Savings Bank — 14,700
38. **The E.F. Hutton Group** — **14,512**
    - E.F. Hutton Insurance Co. — 1,153
39. **Chemical New York Corp.** — **14,367**
    - Favia, Hill & Associates — 7,788
    - Chemical Bank New York Corp. — 4,223
    - Investment and Capital Mgmt. Corp. — 900
    - Van Deventer and Hoch — 690
    - The Portfolio Group Inc. — 572
    - Alexander, Scriver and Assoc. — 115
    - Chemical Trust Co. of Florida — 79
40. **Scudder, Stevens & Clark** — **13,750**
    - Scudder Realty Advisors — 450
41. **Oppenheimer Financial Corp.** — **13,177**
    - Oppenheimer Capital Corp. — 6,427
    - Oppenheimer Mgmt. Corp. — 6,750
42. **Jennison Associates Capital** — **13,100**
43. **Marsh & McLennan Cos. Inc.** — **12,891**
    - The Putnam Cos. — 12,891
    - The Putnam Advisory Co. Inc. — 5,628
    - Putnam Management Co. — 7,263
44. **Pacific Mutual Life** — **12,458**
    - Pacific Investment Mgmt. — 8,600
    - PM Realty Associates Inc. — 257
45. **Massachusetts Mutual Life** — **12,400**
46. **Batterymarch Fin. Mgmt.** — **12,365**
47. **BankAmerica Corp.** — **12,145**
    - BA Investment Management — 12,145
48. **Lincoln National Corp.** — **12,000**
    - Lincoln National Life Insurance — 5,000
    - Lincoln National Investment Mgmt. — 3,000
    - Lincoln National Pension — 3,000
    - Other subsidiaries — 1,000
49. **Wilmington Trust Co.*** — **12,000**
50. **Sun Life of Canada*** — **11,800**
    - Massachusetts Financial Services — 8,200
51. **JMB Realty Corp.** — **11,500**
    - JMB Institutional Realty — 1,300
52. **State Street Bank & Trust Co.** — **11,500**
53. **Wisconsin Investment Board** — **11,500**
54. **Northwestern Mutual** — **11,017**
    - NML Corp. — 501
55. **New York State Teachers'***** — **10,688**
56. **Security Pacific Corp.** — **10,660**
    - Security Pacific Invest. Managers — 4,260
    - Sec. Pac. Nat'l Bank Trust Invest. Serv. — 3,500
    - Pacific Century Group — 2,900
57. **Bank of New York Co. Inc.** — **10,453**
    - Bank of New York — 9,803
    - Beacon Capital Mgmt. Co. Inc. — 650
58. **First Bank Systems*** — **10,233**
    - First Trust Co. of St. Paul — 4,353
    - First Bank Minneapolis Trust — 3,070
    - CMB Investment Counselors — 2,800
59. **Texas Teachers' Retirement** — **10,123**
60. **United States Trust Co./N.Y.** — **10,100**
61. **Stein Roe & Farnham** — **10,000**
62. **Van Kampen Merritt** — **9,840**
63. **Corestates Financial Corp.** — **9,800**
    - Philadelphia National Bank — 7,200
    - Hamilton Bank — 2,500
64. **Michigan State Employees'** — **9,789**
65. **Continental Illinois Corp.*** — **9,588**
    - Continental Bank — 9,544
    - Two subsidiaries — 44
66. **Bank of New England Corp.*** — **9,500**
    - Bank of New England — 5,175
    - Connecticut Bank & Trust — 3,360
    - Beacon Asset Inc. — 1,025
67. **The Bankers Life** — **9,482**
    - Value Investors Inc. — 15
68. **Ohio Public Employees'** — **9,454**
69. **Brown Brothers Harriman** — **9,400**
70. **Criterion Group** — **9,320**
    - Criterion Investment Mgmt. — 7,790
    - Criterion Funds (affiliate) — 1,530
71. **MONY** — **9,161**
    - MONY of America — 201
    - MONY Pen — 751
    - MONY Legacy — 43
72. **Fayez Sarofim & Co.** — **9,058**
    - Sarofim Trust Co. — 57
73. **Crocker National Corp.** — **8,857**
    - Crocker National Bank — 6,443
    - Crocker Investment Mgmt. Corp. — 2,212
    - Crocker Real Estate Invest. Group — 202
74. **Valley Nat'l Bank of Arizona** — **8,777**
75. **Ohio State Teachers'** — **8,721**
76. **Mutual Benefit Life** — **8,666**
    - Subsidiaries — 89
77. **Liberty Mutual Group** — **8,558**
    - Liberty Mutual Insurance Co. — 7,668
    - L.I. Fire Insurance Co. — 873
    - L.I. Corp. — 20
78. **Minnesota Board of Invest.** — **8,500**
79. **AmeriTrust Corp.*** (holding co.) — **8,400**
    - AmeriTrust Co. — 8,400
80. **Fischer, Francis, Trees & Watts** — **8,300**
81. **Franklin Resources Inc.** — **8,230**
    - Franklin Distributors Inc. — 8,161
    - Franklin Management Inc. — 11
    - BWC Management Co. — 58
82. **Nationwide Mutual Insurance** — **8,206**
    - Nationwide Life Insurance Co. — 3,259
    - Nationwide Financial Services — 790
83. **Washington Invest. Board** — **8,200**
84. **National City Corp.*** — **8,176**
    - National City Bank — 5,129
    - Affiliated banks — 3,047
85. **Trust Co. of the West** — **8,000**
86. **Neuberger & Berman** — **7,996**
87. **CNA Financial** — **7,900**
    - Continental Assurance Co. — 4,484
88. **N.C. Retirement System***** — **7,891**
89. **Boatmen's Bancshares Inc.** — **7,720**
    - Boatmen's Nat'l Bank-Trust Division — 5,520
    - Boatmen's 1st Nat'l Bank/Kansas City — 2,000
    - Boatmen's Union National Bank — 200
90. **Connecticut Mutual Life** — **7,500**
91. **Torchmark** — **7,300**
    - Waddell & Reed — 5,000
    - Torchmark Investment Advisory Co. — 2,300
92. **Comerica Inc.** (and affiliates) — **7,200**
    - Comerica Bank-Detroit — 6,500
93. **NBD Bancorp Inc.*** — **7,163**
    - National Bank of Detroit — 6,451
    - Genesee Merchants Bank & Trust — 331
    - NBD Ann Arbor — 277
    - NBD F&M Bank — 52
    - Other affiliates — 51
94. **Fiduciary Trust Co. of N.Y.** — **7,131**
    - Fiduciary Trust Co. of California — 345
95. **RepublicBank Trust/Dallas** — **7,100**
96. **American International Group*** — **6,923**
97. **U.S. Steel & Carnegie***** — **6,850**
98. **The Continental Corp.** — **6,800**
    - CIC Asset Management — 6,800
99. **Texas Commerce Bancshares*** — **6,744**
    - Texas Commerce Bank Houston — 5,743
    - 15 subsidiary banks — 1,001
100. **American Nat'l Bank & Trust*** — **6,700**

[1] Data as of March 21, 1985, unless otherwise noted
* Figures as of Dec. 31, 1984
** Figures as of June 30, 1985
*** Internal pension assets managed as of Sept. 30, 1984

Insurance firms lead institutional investors

By Kimberly Pyko

America's 100 largest institutional investors control almost $1.9 trillion, and the Top Five alone control a hefty 21%, or $388.14 billion, of that, a ranking by *Pensions & Investment Age* shows.

The ranking includes insurance companies, bank and trust companies, investment counseling and mutual fund firms and in-house pension fund managers.

All companies were surveyed by telephone for total assets managed as of March 31.

Those unable to supply March numbers were asked for year-end figures. Some in-house pension fund managers did not return calls before deadline; in those cases, total pension assets managed as of Sept. 30, 1984, were used.

Prudential Investment Corp. was the overall leader, with a total of $86.37 billion at year end. Trailing closely were three other insurance companies: Metropolitan Life Insurance Co., $84.10 billion; Equitable Life Assurance Society of the United States, $77 billion; and Aetna Life & Casualty Co., $76.97 billion.

A list of the 100 largest institutional investors and their subsidiaries is on page 27.

In addition to capturing four of the top five slots, insurance companies managed the largest portion of the Top 100's total assets, with $681.59 billion under the control of 26 insurers.

The assets include their insurance reserves as well as pension assets and personal assets managed by investment management subsidiaries.

Banks and trust companies placed second as a group, with a total of $538.84 billion under management, and account for 36 of the 100 largest institutions.

Citicorp, which controls $42 billion, is the largest in that group.

Other top bank and trust organizations include Bankers Trust Co., with $39.70 billion under management; J.P. Morgan & Co. Inc., $34.27 billion; and PMC Financial Corp., $29.67 billion. The assets of the banks and trust companies listed included personal and tax-exempt assets and assets of all investment management subsidiaries.

Investment counseling and mutual fund companies make up the third largest group of investment institutions. Twenty such firms managing a total of $313.65 billion appear in the Top 100.

Merrill Lynch & Co., with $52 billion under management at year end, was the leader in that group, followed by FMR Corp., with $29.83 billion, and The Dreyfus Group, with $27.20 billion.

The Dreyfus Group placed third in the overall investment counselors group, but was the largest mutual fund manager in the ranking. The second and third largest mutual fund managers were The Capital Group, with $20.04 billion, and Wellington Management, $17.64 billion.

Fourteen in-house pension funds placed in the Top 100, making them the fourth largest group in the ranking. They control about $171.19 billion, of which the California Public Employees' Retirement System is the largest, with $25.27 billion.

Other leaders among in-house funds are the New York State Common Retirement Fund, $22.4 billion; General Electric Co., with $16.9 billion; and the New Jersey Division of Investment, $14.9 billion.

Four money managers in a miscellaneous category handle the fifth largest piece of the asset pie, with $147.1 billion. American Express Co., a broad-based financial services company, controls $63.7 billion, ranking it a lofty fifth overall. Under its parentage are Shearson Lehman Brothers Inc., at $44.12 billion and IDS Financial Services, at $19.59 billion.

The Teachers Insurance & Annuity Association-College Retirement Equities Fund, a pension fund for higher education and related non-profit educational organizations, ranked second in the miscellaneous category and 10th overall, with $37.14 billion under management.

Sears, Roebuck and Co. ranked third in this category, with $34.76 billion. Its four investment management subsidiaries are Dean Witter Financial Services, SIMCO, Coldwell Banker Commercial Group and Allstate Insurance Co.

Fourth is JMB Realty Corp., the one real-estate-only firm in the Top 100, with $11.50 billion. ■

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Managers are profiled

NEW YORK — A new on-line data base system is available for investment executives seeking up-to-the-minute information on money managers.

The Money Manager Computer Directory, introduced by the Investment Management Institute in cooperation with General Electric Co., was designed to provide information for pension plans, consultants, endowment funds, corporate 401(k) plans and financial public relations firms on more than 700 U.S. money managers, or 20% of the market.

Russell Mason, president of the institute, said the system should have 50% of all money managers profiled by 1986.

The system provides a five-year profile on each money manager, including name, types and sizes of existing clients, asset allocation, strategies, fees, performance data and the names of senior investment officers.

The institute also has established an advisory committee of corporate and investment executives to help keep the directory updated.

The MMCD is integrated with GE Information Services' MARK IIIR teleprocessing network, which allows users to access the directory from more than 750 locations worldwide through a local telephone call. With 24-hour access to the system, a user can call up information on any IBM PC or compatible equipment simply by making menu selections.

The MMCD is available by subscription at a cost of $3,000 a year and about $10 for each money manager profile. Subscriptions may be purchased in commission dollars through participating brokerage firms. ■

Some equity managers go with growth stocks

About 13.9%, or 77 of 552, of equity managers surveyed by *Pensions & Investment Age* list emerging growth stocks as part of their investment approach.

Managers using emerging growth invest in young companies they believe will be successful. Such a company generally is evalutated on the type of product or service it offers, the reputation of its management, as well as its earnings potential.

More than two-thirds of equity managers citing emerging growth have less than $1 billion under management.

What follows is a list of those managers. Information was compiled from questionnaires submitted by the managers for *P&I Age's* May 6 special issue on the nation's leading investment advisers.

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Emerging growth equity managers

Manager	Total tax-exempt assets ($ millions)
American Capital Mgt.	35
American Fletcher National Bank	2,527
American Fund Advisors Inc.	10
Atalanta Capital Corp.	290
E.W. Axe & Co.	163
Bailard Biehl & Kaiser Inc.	50
Beutel Goodman Capital Mgt.	400
Capital Technology	40
Chase Investors Mgt.	13,000
Connecticut Bank & Trust	1,241
Connors Investor Services	124
Martin Currie Inc./Martin Currie	270
DP Asset Mgt. Inc.	15
Eagle Asset Mgt.	82
Eaton Vance Mgt.	901
First Interstate Bank of Arizona	300
First Wisconsin Natl. Bank of Madison	543
First Wisconsin Trust Co.	1,329
Froley Revy Investment Co.	233
Frontier Capital Mgt. Co.	757
Gintel Equity Mgt.	77
T.M. Griffing Associates	8
Growth Stock Outlook	70
Hambrecht & Quist Equity Mgt.	72
Harris Trust & Savings Bank	8,885
IAA Trust Co.	489
IDS Growth Spectrum Advisors	28
Investment and Capital Mgt.	784
Jenswold King & Assoc.	25
Johnson Valliant & Broadfoot Inc.	177
Jundt/Capen Associates Inc.	315
Keeley Asset Mgt. Corp.	3
Kleinwort Benson Intl. Invest. Ltd.	242
Knowles & Haziett Ltd.	4
Lehman Mgt. Co.	6,604
Loewi Asset Mgt. Corp.	110
MacKay-Shields Financial Corp.	3,542
McCowan Associates	1,090
Metropolitan Life Insurance Co.	30,546
Mount Auburn Mgt.	10
Mutual Benefit Life	4,300
National Bank of Detroit	8,370
National Investment Services of America	2,800
New York Life Insurance Co.	7,018
Nicholas-Applegate Capital Mgt.	100
The Northern Trust Co.	6,765
Norwest Capital Management & Trust	1,885
Peregrine Capital Mgt.	369
Perkins Capital Mgt. Inc.	7
T. Rowe Price Associates	7,220
Qualivest Capital Mgt.	429
Reich & Tang Inc.	606
Reimer & Koger Inc.	657
Daniel H. Renberg & Assoc. Inc.	70
Rice Hall James & Associates	420
Rosenberg Capital Mgt.	4,966
Rothschild Securities Corp.	53
Frank Russell Trust Co.	1,600
Ronald Sadoff Associates	30
Schupf Woltman & Co. Inc.	60
Scudder Stevens & Clark	7,161
Second National Bank of Hamilton, Ohio	46
J&W Seligman & Co.	1,102
Cabanne Smith Associates	42
Herbert R. Smith	198
The Spangler Group	120
Technological Investors Mgt.	23
Tenneco Asset Mgt.	775
Tower Capital Mgt.	220
Union Trust Co.	338
United States Trust Co. of New York	2,300
Warburg Pincus Counsellors Inc.	941
Weiss Peck & Greer	2,302
Wellington Mgt./Thorndike Doran P & L	6,141
Wilson Foster & Co.	51
William D. Witter	286
Wright Investors' Service	1,800

Few managers employ quantitative analysis

About 8.5%, or 47 of 552, of equity managers and about 5.5%, or 6 of 110, of balanced managers surveyed by *Pensions & Investment Age* list quantitative analysis as part of their investment approach.

Managers using quantitative methods to select investments typically subscribe to the Modern Portfolio Theory, which says there is a definite relationship between risk and return and that the market is very efficient at digesting information about stocks and adjusting prices to reflect that information.

While most equity managers citing quantitative analysis have less than $1 billion under management, almost one-quarter have more than $1 billion in tax-exempt assets under management.

All of the balanced managers citing quantitative, or MPT, analysis have less than $150 million under management.

Information was compiled from questionnaires submitted by the managers for *P&I Age's* May 6 special issue on the nation's leading investment advisers.

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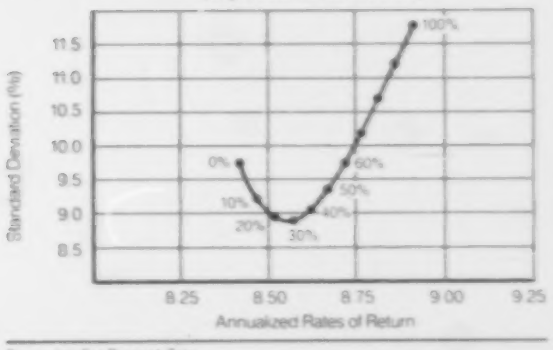

Source: InterSec Research Corp.

Jay A. Dirnberger, Managing Director
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Quantitative equity managers (MPT)

Manager	Total tax-exempt assets ($ millions)
American Capital Advisors	120
Analytic Investment Mgt.	718
Aronson & Folger	10
Atalanta Capital Corp.	290
Bailard Biehl & Kaiser Inc.	50
Batterymarch Financial Mgt.	11,998
BayBank Middlesex	315
George D. Bjurman & Assoc.	376
The Boston Co.	5,498
Capital Mgt. Intl.	0
Cedarpoint Capital Mgt.	80
Centerre Trust Co. of St. Louis	2,351
DanBell Capital Mgt. Inc.	50
Dominion Trust Co.	300
First Investment Mgt.	1,341
Fiske Capital Mgt.	77
Franklin Portfolio Assoc.	483
Gateway Investment Advisors	64
Gould Research	90
Gradison & Co.	42
Investment Counselors of Maryland Inc.	665
The John Hancock Companies	13,260
Tom Johnson Investment Mgt. Inc.	380
Liberty Natl. Bank of Louisville	680
Lincoln National	3,812
MPT Associates	946
Mellon Capital Mgt. Corp.	2,900
New Japan Capital Mgt.	0
Noddings-Calamos Asset Mgt.	60
Nomura Capital Mgt.	215
NorthWest Quadrant	20
Norwest Capital Mgt. & Trust	1,885
Parker Dillon Carlson & Johnson	11
Pittsburgh National Bank	3,286
Portfolio Capital Mgt.	27
Prudential Asset Mgt.	34,189
Reimer & Koger Inc.	657
SCNC Advisory Corp.	525
Herbert R. Smith	198
Stein Roe & Farnham	4,313
TSA (Trust Services of America)	700
Union Trust Co.	338
United States Trust Co., Boston	190
Waycross Investment Mgt.	20
Wedge Capital Mgt. Inc.	100
Wilshire Associates	1,531
Zavanelli Portfolio Research	8

Quantitative balanced managers (MPT)

Manager	Total tax-exempt assets ($ millions)
Alexander Scriver & Assoc.	57
Inverness Counsel	144
MassCo Investment Mgt. Corp.	130
Reiser-Builder Inc.	23
Simpson Capital Mgt.	6
Systematic Investors Inc.	19

Consultants' clients asked to back 401(k)

Officials of three employee benefit consulting firms are asking their clients to help them fight against the abolishment of 401(k) salary reduction plans.

Officials of Buck Consultants, New York; The Wyatt Co., Chicago; and Hewitt Associates, Chicago, say abolishing 401(k) plans would eliminate a major incentive for saving for millions of lower- and moderate-income workers.

In reports to clients, they also contend low-income employees do not participate in individual retirement accounts, which is contrary to what Reagan administration and Treasury Department officials have said. Lower-income employees have a much higher participation in 401(k)s, the consultants say.

Congress is considering a proposal to eliminate 401(k)s as a way to increase federal tax revenue. Such a move could produce as much as $11.6 billion in revenue, according to White House proponents.

"After hearing almost a year's worth of lobbying effort in support of 401(k) and its merits, with regard to retirement savings, the Treasury (Department) has still felt justified in going back to a proposal they made last year — repealing Section 401(k) in its entirety," Wyatt officials said in their report.

The Treasury Department is doing so despite "strong opposition by employers and employees to any curtailment," Buck officials noted.

Ironically, taking 401(k)s away now will hit lower-paid workers the hardest, undercutting the very notion of tax reforms, Wyatt staffers said in their report.

Despite the fact the Treasury points to IRAs as a "more democratic vehicle" for savings, "when you look at actual participation levels, you see that lower-income workers just haven't been using IRAs much at all," the Wyatt staff wrote.

Strict non-discrimination rules for forming a 401(k) plan require a minimum level of low-income employee participation, so companies work to encourage worker involvement through extensive communication efforts and matching contributions, according to the three reports.

In fact, an analysis of 1983 census data done by The Wyatt Co. indicates 401(k)s are more popular than IRAs for all types of employees.

"The lower the income, the wider the gap between the two accounts — employees earning under $10,000 are close to three times more likely to participate in a 401(k) than an IRA," the Wyatt staffers wrote. ■

Employee participation in 401(k)s vs. IRAs

Employees' annual income	% of eligible group participating in: 401(k)s	IRAs
Up to $9,999	21.9	8.3
$10—14,999	28.1	12.6
$15—19,999	37.9	18.2
$20—24,999	38.4	21.4
$25—34,999	47.2	29.7
$35—49,999	55.4	46.3
$50,000 and over	66.3	57.7
All income levels	**39.0**	**17.7**

Source: The Wyatt Co.

Jennison caps Prudential's acquisitions

NEWARK, N.J.— The Prudential Insurance Co. of America's aggressive search for asset management subsidiaries might level off with its acquisition of Jennison Associates Capital, New York, for $80 million.

"As of now, we're not out actively looking for more major acquisitions," said Robert E. Riley, chairman of Prudential Asset Management Co. Inc.

"There is a possibility that we could be filling a product need at some time. But now, we would consider doing it by internal development, start-up, or acquisition, in that order."

The addition of Jennison Associates as an independently operated subsidiary will offer Prudential's institutional clients a second stock and bond management alternative, he said.

"The acquisition of Jennison will add to the Prudential family substantial additional capabilities for managing stock and bond portfolios for institutional clients," Mr. Riley said. "This new association further affirms Prudential's commitment to institutional asset management."

Prudential Asset Management oversees investment of roughly $35 billion in discretionary accounts for tax-exempt clients in such areas as equities, fixed income, balanced, real estate and international.

Jennison Associates manages about $15 billion in stocks and bonds for pension funds, endowments and foundations. It is owned by 26 shareholders, 22 of whom are key employees.

A Prudential spokesman would not reveal details of the agreement, saying only that Jennison will function as a separate Prudential subsidiary with current management continuing to be responsible for investment management and client service activities. Jennison management will participate in an incentive-compensation plan related to the performance of the firm, he added.

According to the 1985 Money Market Directory, top management figures include John H. Hobbs, president, and Spiros Segalas, senior vice president and chief investment officer.

Jennison's equity management has a growth stock orientation, and it employs an active, long-term approach to fixed-income management. Jennison also does dedicated and controlled fixed-income management.

Prudential officials hope to have completed the acquisition officially by the beginning of next year. ■

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American Airlines' deal

Equity program trades grow

By Fred Williams

Two large pension funds are among a growing number taking program trading, first used for fixed-income portfolios, to the equity markets.

American Airlines Inc., Dallas, has completed its first such trade, a $50 million one in late summer. Chrysler Corp., Detroit, used program trading when it liquidated its entire $450 million equity portfolio as part of its move to a $1.1 billion dedicated bond portfolio in July 1984.

Program trading is a controversial and complex process that can take a variety of forms. The American Airlines trade, for example, was a relatively straightforward, speedy portfolio switch.

Program trades can be used by pension funds to move assets to new managers from ones that have been terminated, for dedicating bond portfolios, by index fund managers adjusting portfolios periodically and by money managers who use sector rotation style of management.

One attraction of a program trade is disposal in one transaction of a complete portfolio put up for bid. The pension fund is seeking speedy completion and certainty of price, rather than, necessarily, lowest commission. The bidders use sophisticated computer programs. The successful bidders often use futures and options to hedge their positions until they can dispose of the stocks.

American Airlines' trade, although not large by block trade standards, was important because it took aim at a Wall Street shibboleth: that large block trades should be handled by a single brokerage house.

American initiated its program trade through a major Wall Street firm but also cut three discount brokers in on the deal.

The airline's pension fund had an $80 million equity portfolio it wanted to reallocate from a terminated money manager to new and existing managers.

"It's a way of selling an entire portfolio with one sweep of the pen at a stated price," said William F. Quinn, the assistant treasurer at American who engineered the trade.

Before soliciting bids on the portfolio, Mr. Quinn said, existing managers were allowed to select specific issues they wished to hold in their own portfolios.

Of the remaining $50 million equity position, 70% was bid to the major Wall Street houses and 30% was directed to three discount brokers — Charles Schwab & Co., Fidelity Investments Brokerage Services Inc. and Abel Noser Co.

Only a handful of Wall Street investment banking establishments conduct program trades on behalf of their clients or with their own inventory.

Goldman, Sachs & Co. and Salomon Brothers Inc. are the recognized leaders and dominate the program trading market with Morgan Stanley & Co. Inc., Drexel Burnham Lambert Inc. and Paine-Webber Inc. also active in the area.

"One of the efficiencies of a program trade is in execution. You can do it almost overnight rather than over a several-week period. You can be invested tonight; that's the

Continued on page 61

Photo by Arnie Adler

Traders at Salomon Brothers: A new emphasis on program trades?

Shifts in trading seen at Salomon

By Barry B. Burr

NEW YORK — Salomon Brothers Inc.'s share of institutional block trades fell sharply during the past year in a shrewd business decision to devote more resources to the growing and more lucrative program trading area, Wall Street sources told *Pensions & Investment Age*.

Salomon's move appears to be an effort to find a more profitable trading niche as a result of intense pressure by pension funds and money managers to cut commissions, which would reduce brokerage firms' revenue. It means Salomon acts more as a dealer, or principal, rather than a broker, or agent, in trading.

Bruce C. Hackett, Salomon's managing director of equity sales and trading, denied any drop in its block trading volume and any redirection of its business. But he did say Salomon is pursuing program trades aggressively.

Nevertheless, data compiled by SEI Corp. from about $80 billion in institutional trades show Salomon has lost nearly 40% of its market share in handling block trades since July 1984.

Until now, Salomon consistently had ranked in the Top Three among institutional brokerage in SEI's data, said Gilbert L. Beebower, SEI senior vice president; "It stuck out like a sore thumb"

Mr. Beebower surmises Salomon decided to de-emphasize institutional block trading to capture more of the relatively new and increasingly popular program trading. Traders interviewed at money management firms agreed.

"Salomon really committed itself to program trades, and to do that at the expense of normal institutional trades," Mr. Beebower said, interpreting the brokerage findings.

"Their bids and offers were not as good as they used to be."

Fred M. Hughes, vice president-equity trades, Capital Guardian Trust Co., Los Angeles, said, "I think Salomon's intent for the last year is to concentrate on program business, and block trading is taking a back seat because they make more money on programming."

A trader for another money manager, who asked not to be identified, said, "I haven't done very

Continued on page 62

Tax plan has good, bad news

By Jerry Geisel

WASHINGTON — A new list of benefit tax options before the House Ways and Means Committee offers employers the hope that 401(k) plans will be saved, but threatens onerous rules and taxes in other areas.

The newest options being considered for the tax-reform bill include some taxes and restrictions not recommended by the Reagan administration in its proposal.

The options paper, prepared by staffs of the influential Joint Committee on Taxation and the Ways and Means Committee, will carry great weight with Ways and Means members who began drafting a tax reform bill in closed sessions in early October.

For employers with 401(k) plans, the options offer hope the popular salary reduction savings plans will not be eliminated, as proposed by the Reagan administration. The Ways and Means Committee is weighing a proposal that would retain 401(k) plans but limit annual salary deferrals to $5,000 and impose new non-discrimination rules.

Continued on page 59

Thomas M. Richards, Richards & Tierney Inc., Chicago. Photo by Michael Marcotte

The microcomputer is becoming an integral part of investment management. A directory of software and data bases begins on page 15.

Late news

Study clears trade

AUSTIN, Texas — The Teacher Retirement System of Texas has been cleared by state auditors of any wrongdoing in a $169 million series of bond trades, sources said.

A former employee had charged the system traded Housing and Urban Development hospital bonds

Continued on page 2

6 take action on S. Africa

By Steve Hemmerick, Trudy Ring and Ed Christman

A major state pension fund, two large city funds, a nationwide teachers' retirement system and two endowment funds have come up with various responses to the question of whether to divest themselves of South Africa-related securities.

• The $28.8 billion California Public Employees' Retirement System board of trustees could end up divesting as much as $5 billion in securities if the issuing companies don't meet new requirements relating to South Africa.

• Two Los Angeles city retirement plans with assets totaling $3.2 billion have approved anti-apartheid divestment programs, but it appears it will be months before any divestment takes place, and then only if several levels of approval are given.

• The chairman of the largest tax-exempt fund in the United States, the $39 billion TIAA-CREF, has sent a letter to the chief executive officers of 43 companies in the fund's equity portfolio, saying the fund's management and trustees will consider aggressive actions if those companies, which represent holdings of $450 million, do not sign and implement the Sullivan Principles of non-discrimination. However, a spokeswoman for the fund declined to say what these actions might be.

• Regents of the $147 million Smithsonian Institution endowment fund, under pressure from Congress to sell all South Africa-related stocks, voted not to divest further. The endowment has divested itself of stock in companies that have not signed the Sullivan Principles.

• Trustees of the $900 million Columbia University endowment fund, which also has had a policy tied to the Sullivan Principles, voted to sell stocks in all companies doing business in South Africa.

Divestiture may boost small stocks — page 53

Continued on page 60

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The PIPER monthly indexes track the changes in the Standard & Poor's 500 stock index, the Russell 3000 stock index, the Ryan Index of fixed-income securities and the Shearson Lehman Government/Corporate bond index.

PIPER September indexes

	Latest mo.	Year to-date	Trailing 12 mos.
S&P 500	-3.1	12.5	14.6
Russell 3000[1]	-3.9	13.0	14.6
Ryan Index[2]	0.8	14.4	23.4
SLAE Gov't./Corp.[2]	0.5	12.8	21.2

Source: Rogers, Casey and Barksdale Inc.
[1]Source: Frank Russell Co. [2]Fixed income

Public funds join giant buy-out pool

By Chuck Paustian

Three public pension funds have invested in what could be the largest leveraged buy-out pooled fund.

The Washington State Board of Investment, Olympia, and the Oregon Public Employees' Retirement System, Salem, each committed $200 million to the limited partnership fund set up by the New York investment banking firm Kohlberg Kravis Roberts & Co. The State of Wisconsin Investment Board, Madison, committed $75 million to the pooled fund.

The Minnesota State Board of Investment, St. Paul, is considering investing in the fund.

The investments come at a time when some industry sources predict pension funds will move away from leveraged buy-outs and other higher-risk investments.

The KKR pool, the fifth set up by the firm, has not been closed. However, it is expected to reach $2 billion, making it the largest such fund ever established and probably including additional pension fund money.

As limited partners in the blind pool, the pension funds will commit a designated amount without knowing for which, or for how many, deals the money will be used.

Once a deal has been structured, the funds are notified of their share of the equity portion, determined on a prorated basis.

The Washington State Board of Investment, with $6 billion in retirement assets, has invested in excess of $480 million in leveraged buy-outs, or about 8% of total assets, including this most recent commitment.

John Hitchman, executive director of the Washington board, said he is not worried about the vast size of the pool, or the possibility of future pools growing even larger.

"First of all, its somewhat meaningless for us to get involved in small LBOs," said Mr. Hitchman.

"In addition to that, it puts KKR in a unique status. It's hard for other (buy-out firms) to compete with them. If you get $2 billion in an equity pool, it is a distinct advantage."

The Washington board's policy states no more than 10% of total assets can be invested in partnerships.

James C. George, investment manager for the $5 billion Oregon retirement system, said he sees no signs of declining interest in leveraged buy-outs.

The Oregon fund has about $540 million committed in leveraged buyouts, or about 11% of total assets.

The Wisconsin board, with $10.5 billion in retirement assets, is viewing the investment as an additional outlet for its assets.

Kenneth E. Codlin, executive director, said the investment fits in with the investment style of the fund "basically because we are long-term investors and this has a long orientation that meets our needs."

The fund also has invested in other leveraged buy-out pooled funds with Forstmann Little & Co. and Merrill Lynch Capital Markets' investment banking division, both in New York.

The investment in the KKR pool raises the fund's total commitment to leveraged buy-outs to $125 million, or just more than 1% of total assets.

For the most part, pension funds that are considering leveraged buy-outs invest in a pooled fund.

"There's a plus to that because you are diversified. You have your investments in several companies," said Oregon's Mr. George. ■

Forstmann Little LBO

Pension plans in Revlon deal

By Chuck Paustian

NEW YORK — Pension funds are playing a prominent role in an estimated $3 billion Revlon Inc. anti-takeover attempt constructed by Revlon officials and investment bankers Forstmann Little & Co.

If successful, the leveraged buy-out will be Forstmann Little's largest deal.

Officials of Forstmann Little, Revlon and Pantry Pride were not available for comment, but numerous sources confirmed the details.

About $445 million — including money from the firm's two leveraged buy-out pooled funds in which pension funds heavily invested -- will be invested by Forstmann Little in the deal, with the balance of the purchase price, about $1.3 billion, coming from bank loans.

It is not known what portion of Forstmann Little's partnerships will be used in the Revlon deal.

The Forstmann Little & Co. Subordinated Debt and Equity Management Buy-out Partnership-II, with $405 million in assets, has the heaviest concentration of tax-exempt money.

Investors in the subordinated debt pool, and the amount committed, include: General Electric Co., $75 million; Boeing Co., $50 million; Amoco Corp., $40 million; GTE Corp., $30 million; Delta Air Lines Inc., $25 million; Allied Corp., Dresser Industries Inc., Honeywell Inc., Texas Instruments Inc., American Telephone & Telegraph Co., Equitable Life Assurance Society of the United States and The State of Wisconsin Investment Board, $20 million each; Aetna Life Insurance Co. and Aetna Casualty & Surety Co., $10 million each; and American Motorists Insurance Co., Economy Fire & Casualty Co., Kemper Investors Insurance Co., Kemper Reinsurance Co. and Equitable Variable Insurance Co., $5 million each.

Investors in the subordinated debt partnership lend money to Forstmann Little, which uses the capital (as well as some of its own money) to supply the subordinated debt, or "mezzanine financing," portion of its deals. In return, investors receive a designated interest rate as well as an opportunity to purchase equity in the acquired company.

The other pool, a $100 million straight equity one and the second Forstmann Little has set up, is primarily composed of individual investors, although some institutional investors do participate.

One source said many of the investors in Forstmann Little's first equity pool also participated in the second pool.

Pension funds in the first equity pool include General Electric, GTE, Hughes Aircraft Co., Minnesota Mining & Manufacturing Co.,

Continued on page 62

Cash held increases in 3rd quarter

By Fred Williams

Equity money managers increased their cash positions slightly during the third quarter, to 7.1% of their assets from 6.1% at the end of the first half of the year.

Managers had reduced their cash reserves to 5.8% earlier in the summer before ending the quarter at 7.1%, according to information compiled by INDATA, a Southport, Conn., investment analysis firm.

One possible explanation for the increased cash position: The stock market failed to produce the same fireworks it had during the previous two summers, even weakening slightly. That might have caused portfolio managers to hoard cash in anticipation of a fourth-quarter upswing.

The INDATA survey covers an investment universe valued at $104 billion contained in just more than 1,000 institutional portfolios. The highest cash position ever measured by the survey was 16.9% in 1982; the lowest, 5.4% in 1976.

Despite INDATA's statistics, only one of the eight money managers whose cash position is tracked by *Pensions & Investment Age* reported an increase in cash reserves.

Hibernia National Bank, New Orleans, increased its equity cash position dramatically — to 31% at the end of the third quarter from 11% the previous quarter.

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Late news

Continued from page 1

for U.S. Treasury bonds at less than market value and with a lower interest rate.

A spokesman at the auditor's office declined to comment, but sources said system officials were cleared in a letter outlining preliminary results of the audit.

Fund misuse charged

CHICAGO — A federal grand jury here has indicted two union officials on charges of illegal conduct relating to pension funds of Structural Iron Workers Local No. 1.

Joseph J. Botica, administrator of the local's pension and annuity fund, was indicted on a charge of violating federal racketeering laws by soliciting and accepting about $6,711 in kickbacks from at least 13 union members from 1981 through 1984. Peter J. Vrdolyak, a trustee of the local's welfare fund, was charged with embezzling $4,385 from that fund and diverting it to his own use.

Termination sought

The Pension Benefit Guaranty Corp. is seeking the termination of the Accurate Die Casting Co.-UAW pension plan, covering the company's Fayetteville, N.Y., plant.

The PBGC also asked the U.S. District Court for Northern New York to appoint the agency as plan trustee. The plan has not received a contribution since 1980 and has exhausted its assets, the PBGC said.

Foundation strategy

URBANA, Ill. — A $40 million gift to the University of Illinois Foundation probably will be invested in short-term Treasury securities to allow the foundation to receive the proceeds quickly, a university official said.

The foundation likely will place the money with First Chicago Investment Advisors, one of its two money managers, to be invested in Treasuries and commercial paper, said John Williamson, director of gift administration.

The $40 million, from California businessman Arnold O. Beckman, likely is the largest gift ever made to a public university by an individual. The university will use the money to build a research center, construction of which is expected to begin in 1986.

Before the gift, the foundation had slightly more than $90 million in assets, Mr. Williamson said.

NYC drops manager

NEW YORK — The $22 billion New York City Retirement System has terminated a $190 million actively managed equity account with MacKay-Shields Financial Corp., New York because of performance, said Marvin Damsma, third deputy comptroller.

The $190 million will be reallocated among the fund's 29 other investment managers, he said.

Late money movers

• MADISON, Wis. — The $11 billion State of Wisconsin Investment Board has made its first venture capital commitments, following the enactment of a law allowing it to invest up to 2% of assets in such investments.

Regional Financial Enterprises, New Canaan, Conn., and Prudential Venture Partners, New York, each received $6 million; Oxford Partners, Stamford, Conn., $3 million; and Madison Capital Corp., Madison, Wis., $400,000.

• WASHINGTON — The $650 million District of Columbia Retirement Board has terminated Alliance Capital Management's Chicago office as manager of a $104 million active equity account, completing the fund's 15-month restructuring, said Earl Johnson, the fund's executive director.

Up to $40 million will be split between Hahn, Holland & Grossman, Chicago, and Wheat, First Securities Inc., Richmond, Va.

• LOS ANGELES — The $27 million Los Angeles Hotel & Restaurant Workers, Local No. 11 Retirement Fund has placed an undisclosed amount in a guaranteed investment contract with Prudential Asset Management, Newark, N.J.

• DALLAS — Republic Financial Services Inc. hired MSecurities here for a $9 million balanced account for its approximately $18 million profit-sharing plan.

Security Pacific Investment Managers Inc., Los Angeles, was dropped from the account.

• PHILADELPHIA — The Hotel Employees and Restaurant Employees Local 274, with about $9.5 million in retirement assets, has made its first moves into active asset management.

The fund allocated $3.8 million each to The Boston Co., Boston, and Union Labor Life Insurance Co., New York, for fully discretionary balanced accounts, said James Small, president. The money was in certificates of deposit.

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Pictured on page 15: Charles J. McPike, principal, and Nancy E. McPike, associate, Richards & Tierney Inc.

Delay of terminations possible

Push on for PBGC legislation

By Joel Chernoff

WASHINGTON — Both houses of Congress are racing to enact legislation to shore up the financially ailing Pension Benefit Guaranty Corp. while imposing increased liability on employers terminating their underfunded pension plans for years to come.

In addition, under a controversial amendment to the Senate bill sponsored by Sen. Howard Metzenbaum, D-Ohio, the PBGC's processing of terminations of sufficiently funded plans would be delayed if employees raised objections.

Such moratoriums will be perceived as a threat to employers' ability to recapture surplus pension assets, and might cause some firms to rush to terminate, employer groups asserted in a letter to all senators.

Another amendment to the Senate bill would provide a temporary window for real estate syndications from the Labor Department's forthcoming plan assets regulation. The temporary exemption would ensure that such vehicles would not fall subject to the rule as long as they met earlier department interpretations and were not marketed more than 270 days after the rule is published.

How the final bill will read is unclear, but observers are agreed changes to the single-employer termination insurance rules are inevitable.

Attached to each chamber's budget-reconciliation package, H.R. 3500 and S. 1730, the measures are on the fast track, causing some pension experts to complain about circumventing the legislative process on a complex bill.

"It seems we're working so fast on major structural reforms. It really bugs me," said Theresa Stuchiner, a partner at Kwasha Lipton, a Fort Lee, N.J., benefits consulting firm.

"It's just wrong to develop public policy in this fashion," said Stuart Brahs, executive director of the Association of Private Pension and Welfare Plans, a Washington-based lobbying group.

Whatever legislation emerges promises at least some relief for the beleaguered PBGC's single-employer program. As of Sept. 30, 1984, the program was running $462 million in the red. Since then, Allis-Chalmers Corp., West Allis, Wis., has terminated a pension plan with an estimated $160 million in underfunding.

Wheeling-Pittsburgh Corp., Pittsburgh, meanwhile, wants to terminate its two pension plans, which are underfunded by more than $400 million.

The bill's speedy progress was a factor in Wheeling-Pitt creditors' recent court action to have the plans terminated, sources said.

If the liabilities are shifted to the PBGC, it could drive the single-employer's deficit over the $1 billion mark.

The legislation's destiny is clouded at best, with reports of its progress changing daily.

The outcome, however, likely will be decided in a House-Senate conference, reconciling differences between the two budget bills.

While most reforms focus on underfunded plans, employer groups were alarmed at Mr. Metzenbaum's amendment to delay processing of adequately funded plans.

The amendment was the price Senate Labor subcommittee Chairman Don Nickles, R-Okla., had to pay to get the single-employer reforms passed, sources said.

However, an aide to Mr. Metzenbaum said the amendment was the senator's response to Labor Secretary William E. Brock's rejection of another proposal that would have enabled him to freeze individual terminations.

If made into law, the amendment would cause the PBGC to delay issuing sufficiency notices for terminating plans that are adequately funded if the lesser of 10 participants or 10% of the participant population objected to the termination within certain periods.

For plan terminations pending less than 90 days at the date of the law's enactment, and those plan

Continued on page 60

Exxon launches refinancing plan

By Marci Baker

NEW YORK — An Exxon Corp. subsidiary is completing an unusual tax-exempt refunding that will cut its overall debt exposure, extend the maturity of its financing and save about 400 basis points in potential interest costs.

The Exxon deal could prompt other corporate tax-exempt refinancings among those that fear their ability to do them will be curtailed under proposed tax reform.

Exxon Pipeline Co. purchased a portion of two long-term, fixed-rate issues at a discount, and will replace them with new floating rate debt, said Allen Harrison, Exxon assistant treasurer.

"The anomaly here is that Exxon is replacing fixed debt with a floater," said Tom McCaughey, a managing director at Salomon Brothers Inc., the company's investment banker for the deal.

Corporate finance

What's also unusual about the deal is that Exxon is refunding old, low-coupon debt.

In an environment in which interest rates have declined, it is

Continued on page 59

Indexing lures most new money

By Trudy Ring

Index funds remained a popular investment strategy in the third quarter of 1985, attracting large chunks of assets from pension funds.

Other large shifts of assets in the quarter were because of initial ventures into real estate, restructurings of large funds and hirings by the pension funds of the "baby Bell" operating companies created by the breakup of American Telephone & Telegraph Co.

The investment management firms that won and lost the most assets in the quarter were identified through Money Movers and other articles in *Pensions & Investment Age* during the period. Other accounts gained or lost might not have been reported to *P&I Age*.

Also, with this issue, *P&I Age* begins quarterly publication of Current Accounts, a cross-reference to reported manager hirings. Current Accounts had been published in every other issue. The feature begins on page 54.

As measured by reported hirings, the firm that attracted the most new discretionary assets in the quarter was Mellon Capital Management Corp., San Francisco, a leader in stock index fund management. Mellon also was one of the top 10 managers, in terms of reported new assets, in the first and second quarters as well.

In the third quarter, Mellon received $290 million from three new clients for stock index funds. Its biggest allocation was $200 million from U S WEST Inc., one of the Bell operating companies, based in Englewood, Colo.

Coming in second, in terms of assets, was Lehman Management Co., New York, with $203 million. The biggest chunk of that was $175 million for a stock index fund for the Massachusetts Pension Reserve Investment Trust.

Third was a real estate firm, J.W. O'Connor, New York, which will manage the Kansas Public Employees' Retirement System's first venture into real estate. The Kansas system has approved putting $200 million into the investments.

Trinity Investment Management Corp., Boston, was next with $196 million. While several other firms attracted two or three large accounts, equity specialist Trinity attracted six small ones. This placed Trinity second for the quarter in terms of accounts gained; in the previous quarter, it was first, with seven new accounts.

In the third quarter, at least one new client, the University of Wisconsin endowment fund, was attracted by Trinity's ability to run a stock portfolio excluding companies doing business in South Africa. Trinity's investment philosophy includes sector rotation, Graham & Dodd analysis and selection of stocks with low price-earnings ratios.

Neuberger & Berman Pension Management, New York, won $174 million in new fixed-income business. It benefited from a move to outside management by the W.K. Kellogg Foundation, Battle Creek, Mich., which allocated $114 million

Continued on page 56

Most new accounts*
3rd quarter 1985

Firm	
IDS Trust Co.	7
Trinity Investment Management	6
Brignoli, Curley & Roberts Associates	5
MBW Venture Partners	5
Alliance Capital Management Corp.	5
The Boston Co.	5

**As reported in Pensions & Investment Age*

Most assets gained*
3rd quarter 1985

Firm	$ millions
Mellon Capital Management Corp.	290
Lehman Management Co.	203
J.W. O'Connor	200
Trinity Investment Management	196
Neuberger & Berman	174
Concord Capital Management	150
Morgan Stanley Asset Management	131
The Vanguard Group	114
Brignoli, Curley & Roberts Associates	105
Lazard Freres Asset Management	100
PRIMECAP Mangement Co.	100
Rosenberg Institutional Equity Management	100
M.D. Sass Investors Services	100

**As reported in Pensions & Investment Age*

Small-cap firm expands roster

By Steve Hemmerick

SAN DIEGO — Small-capitalization stock manager Nicholas-Applegate Capital Management Inc. has grown by more than 440% in about a year even though many small-cap stocks have been stumbling since mid-1983.

Burroughs Corp., Southwestern Bell Corp., Uniroyal Inc., Alameda County Employees' Retirement Association, Sacramento County Employees' Retirement Association, San Bernardino County Employees' Retirement Association and Virginia Supplemental Retirement System all have hired Nicholas-Applegate since April, according to previous reports in *Pensions & Investment Age*.

With these and other clients, Nicholas-Applegate's tax-exempt assets under management have skyrocketed to about $355 million from about $65 million in mid-August 1984, when the firm started.

Nicholas-Applegate and other specialty equity managers have been the beneficiaries of decisions by some pension fund executives to hire more potentially volatile managers after dedicating and immunizing bond portfolios and moving large chunks of money into passive management.

But Steve Nesbitt, a consultant with Wilshire Associates, Santa Monica, Calif., said he hasn't seen any unusual moves toward small-cap managers during the past 12 to 18 months.

The average company in Nicholas-Applegate's portfolio of about 35 to 50 stocks has a $200 million capitalization. A popular blue-chip stock in many institutional portfolios, International Business Machines, has a capitalization of $76 billion.

There are 380 stocks over $1 billion capitalization that make up 68% of the equity market.

Small-capitalization stocks have been under pressure, according to Wilshire Associates figures.

From June 30, 1983, to Sept. 30, 1985, the Wilshire 4500 had cumulative returns of 3.15%, said Jim Troyer, a senior associate with Wilshire. The Wilshire 4500 is the Wilshire 5000 minus the S&P 500 stock index, a roster of large-capitalization stocks.

For the same period, the S&P 500 stocks had a 19.5% return, indicating at least a temporary reversal in the small-capitalization theory that superior rates of return are possible by investing in small-cap stocks.

The annualized return for the S&P 500 was 14.6% for five years ending Dec. 30, 1984; the Wilshire 5000 return for the same period was 14.2%.

A partial explanation for Nicholas-Applegate's success in adding clients, suggested Mr. Nesbitt, is the track record of the firm's chairman, Arthur E. Nicholas.

He put together that record first with San Diego Trust & Savings Bank as vice president and senior portfolio manager, then with Security Pacific National Bank as first vice president and manager of institutional accounts division and with the Pacific Century Group as managing director and chief investment officer, and, now, with his own firm.

For the eight years ended Dec. 31, Mr. Nicholas has scored

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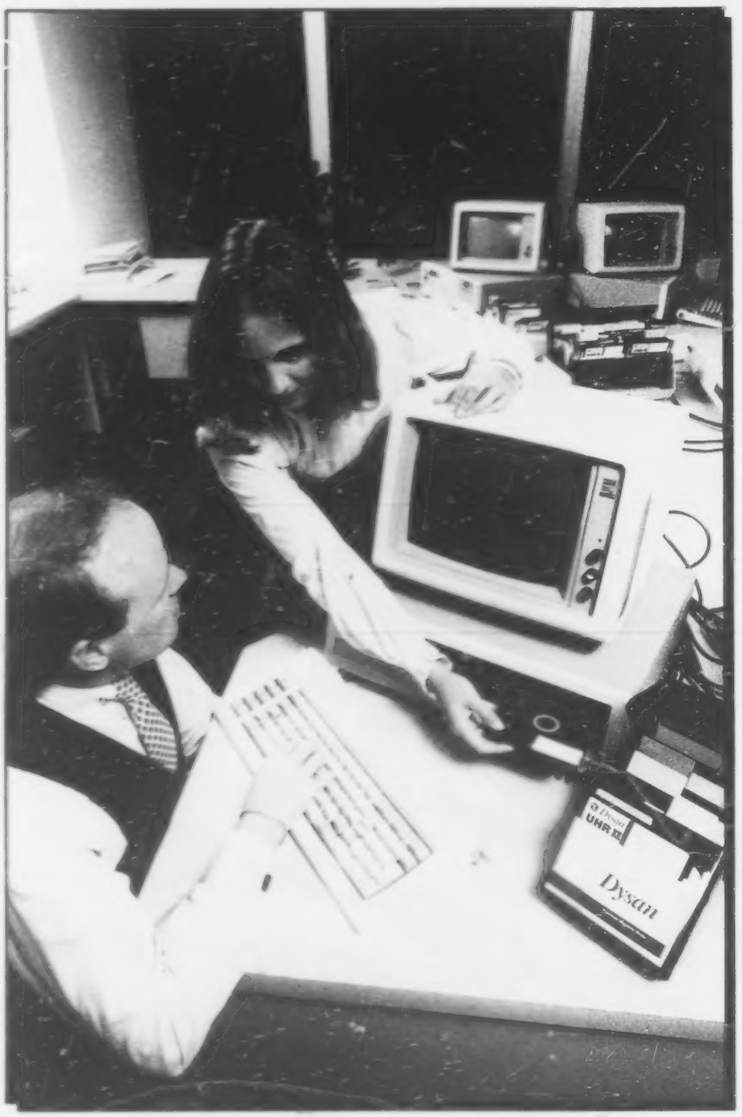
Microcomputer products and services

for investment managers



SOFTWARE

Software does consulting work

By Ed Christman

Executives overseeing the investment of assets for pension funds, endowments and foundations are beginning to use microcomputer software to perform tasks previously in the domain of consultants and master trustees.

Those tasks include performance measurement, performance comparison, manager searches and asset allocation and optimization.

It is only in the past two years that software suppliers, including consultants, have developed products allowing investment officials to do these tasks. (A listing of specific products and services starts on page 16.)

The consultants see it as an extension of the services they provide to clients and a way to reach those tax-exempt funds that do not use a consultant. Most of the products are integrated and can perform more than one task.

At Bechtel Power Corp. in San Francisco, James E. Rhodes, investment manager, oversees about 20 managers running the $1 billion for the company's thrift and profit-sharing plans. He and his associates use Vestek Asset Allocation, which aids in allocating a portfolio optimally among a set of asset classes and is available from San Francisco-based Vestek Systems Inc.

"The Vestek model gives greater flexibility and allows us to test our diversification a little bit better," Mr. Rhodes said.

For example, he and his associates at Bechtel recently used it to perform "what if" analyses for a number of changes they were contemplating. Part of the analysis was looking at four-year potential returns for various asset mixes to see which one they would be comfortable with.

One change was the addition of guaranteed investment contracts to the fund's portfolio, and Vestek was used to see what fixed-income assets could be eliminated from the portfolio to make room for the GICs.

"Using (the product) helped us to decide to do the trade-off with intermediate bonds," he reported.

"More interestingly, it allowed us to take a real look at our asset mix, and we saw that with the trade-off we could get similar returns with less volatilty and decreased risk, thus allowing us to increase our equity, still control risk and get better returns."

Mr. Rhodes said the fund had also used Vestek Asset Allocation to look at hedging possibilities.

In using the Vestek model instead of a consultant to perform those tasks, he said the fund reduced costs by eliminating an intermediary and doing multiple runs with changing conditions.

Another tax-exempt fund official using software for asset allocation is Tim Riddle, director of investment and property management at Father Flannagan's Boys' Home, Boys Town, Neb., which has more than $300 million in assets from a foundation, pension trust and scholarship and trust funds. About half a dozen managers run the assets.

Mr. Riddle is using AssetMax, an asset mix optimizing program from San Francisco-based Callan Associates. He also is using the firm's PEP Performance Evaluation Program.

AssetMax is used by Boys' Home to handle the allocation of any additional assets, or assets that are freed by a manager termination.

Although Mr. Riddle uses AssetMax to determine how to allocate funds, he has not severed his relationship with Callan, which serves as the funds' consultant.

"We work with Callan anytime we terminate a manager," he said. "We look at it as a two-way street in trying to best determine how to allocate the funds.

"If you just rely on the consultant, it's very difficult to completely understand the situation at that point. We feel that working with a team approach allows everyone to be up to speed as far as the type of decisions that must be made."

Mr. Riddle does not rely only on Callan's services and products.

Fund officials and the computer department at Boys' Home have written their own software for stock selection, duration and

Continued on page 34

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Data base

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Bancall II
ADP Data Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

Bancall II, introduced in 1979, provides the user with access to financial information since 1979 for more than 14,500 FDIC-insured banks. The data base allows rapid analysis on any or all of 200 line items for individual banks or groups of banks. Bancall is useful for performance analysis, market share studies, acquisition prospect screening, correspondent bank surveys and other applications. It is updated quarterly.

The data base is available on line and can be accessed by dumb terminals and the IBM PC and XT using DATAPATH or Lotus 1-2-3. The client contact is Reed Jarrell, product manager.

The Boston Company Analytical Data Base
The Boston Co.
1 Boston Place, Boston, Mass. 02106; (617) 722-7000

The data base, introduced in 1979, contains investment information on stocks and bonds. For each of the 6,000 stocks covered by the data base, more than 400 key items are provided, including earnings, dividends, historical and projected growth, p/e, relative p/e, measures of risk and quality and measures of under- and overvaluation. It also provides stock price history such as closing price and volume, daily for the last year and monthly for 10 years.

The bond data includes price, coupon maturity, duration, quality and sector on most bonds.

In addition, the user firm can store information for its individual portfolio, including transactions and rates of return.

The data base, upated daily, is available on line and in diskette. It can be accessed by dumb terminals and microcomputers. Micro users can access data through general communication packages or with custom software provided by The Boston Co.

Price ranges from $25,000 to $50,000.

Michael A. Jones, product marketing manager, is the client contact.

c

CADENCE MicroUNIVERSE
CDA Investment Technologies Inc.
11501 Georgia Ave., Silver Spring, Md. 20902-1975; (301) 942-1700

CADENCE MicroUNIVERSE, introduced in 1985, enables a user to compare and evaluate the performance of the 275 largest investment advisers, 700 bank pooled funds, 600 mutual funds and 100 insurance company separate accounts. It identifies the performance of any fund by name.

It allows the user to construct custom universe subsets for ranking purposes and then rank any fund, even funds not in the data base, by exact percentiles. It also provides the returns of 40 market and specialized indexes and allows for comparing a fund with any index or investment policy.

Tables can be converted to color or black-and-white graphics, including bar charts, line graphs and scattergrams.

The product is available on line and also comes in a monthly diskette. Data, which is updated monthly, can be accessed by dumb terminals and microcomputers, using general communications packages. CDA provides programs to process data.

There are 70 clients.

It costs $3,000 a year for monthly diskettes and $4,800 for quarterly diskettes. For pension fund sponsors, there is a special price of $900 a year.

David Cook, vice president-marketing, is the client contact.

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The Mortgage Calculator	1,500
The Rate of Return Analyzer	1,900
The Yield Calculator	375
Various Security Pricing Interfaces	250 to 1,000

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Technical Data
330 Congress Street, Boston, MA 02210

Call/Sinking Fund Data Base

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

The Call/Sinking Fund Data Base contains call feature and sinking fund provision data for about 8,000 active corporate and U.S. government issues. It also contains conversion terms for 1,500 convertible bonds. The data base also includes bond amount outstanding, whether callable or convertible, description of issue, SIC code for issuer, total amount of debt issued, remaining months to maturity, call schedule, redemption date and prices, optional sinking fund schedule, percent of issue to be retired and average life. Sources of data include prospectuses filed with the SEC. It is updated as data become available.

Data is available on line and can be accessed by dumb terminals, the IBM PC, XT, AT or compatibles. Interactive Data provides a terminal emulation package to access data via microcomputer.

The Canadian Financial Database

Info Globe
444 Front St. West, Toronto, Ontario M5V 2S9; (416) 585-5250

The Canadian Financial Database contains the full text of the audited financial statements of more than 500 top Canadian companies. Each record also contains a general information section and 53 standard key reporting items.

Standardized descriptions are added to each footnote, enabling users to easily locate companies reporting certain activities such as government assistance.

The data base, updated weekly, is available on line and on magnetic tape. It can be accessed by dumb terminals and any micro capable of asynchronous communications. It can be accessed using any general asynchronous package. For processing data, the firm provides The Link 1000 spreadsheet.

The Link 1000 user can choose any company or industry and up to 55 key indicators of their financial position; the program then retrieves the company's financial information and sets it up in a spreadsheet format.

The software will run on the IBM PC, Data General, COMPAQ, Radio Shack, Zenith and AT&T.

There are about 350 data base clients. It costs $2 a minute during prime time and 50 cents a minute during non-prime time, plus 1 cent a quote.

Rick Noble, sales manager, is the client contact.

CISCO Data Base/Express

CISCO
327 S. LaSalle, No. 800, Chicago, Ill. 60604; (312) 922-3661

The CISCO Data Base/Express, introduced in 1969, covers futures, cash, options, government bonds and related rates. It provides more than 200 analysis programs, including detailed financial futures applications for the professional. Also, Express Dial-Up page analysis updates more than 3,000 pages of technical analysis daily, including the CBOT Market Profile and Liquidity Data Bank.

The data base is available in both on line and disk formats. Data can be accessed by dumb terminals and any PC or terminal with a modem. A general communications package can be used to access the data. Roger Lofstrand, marketing director, is the client contact.

Citibase

Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

The Citibase data base, introduced in 1978 and updated daily, provides current and historical statistics on the economy. It contains 5,000 economic time-series easily accessible via commercial time-sharing services or for in-house computers, via magnetic tapes and direct updates. Most series go back as far as 1947 and categories include finance: interest rates, money supply, exchange rates; industrial production, national income and product accounts; prices: consumer and producer price indexed; manufacturing and trade; and housing and labor.

Data can be accessed by dumb terminals and either the IBM PC or Northstar Advantage with a Hayes modem. Dorothy Monopoli is the client contact.

Citibase Weekly

Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

Citibase Weekly, introduced in 1981, contains more than 300 weekly economic time-series beginning in 1980. Categories include finance — money supply, interest rates, stock market, statistics, foreign exchange rates — banking data, commodity prices and economic indicators.

The data base is maintained by the Economics Department of Citibank.

Data can be accessed by dumb terminals and the IBM PC or Northstar Advantage microcomputers with a Hayes modem. Dorothy Monopoli is the client contact.

Commercial Paper Ratings Data File

Fitch Investors Service Inc.
5 Hanover Square, New York, N.Y. 10004; (212) 668-8300

The data base, introduced in 1984, consists of more than 1,000 commercial paper issuing companies. Information is set up so general financial data on individual companies is accessible directly on one screen. Specific information in various industries and sectors can be cross-referenced in a variety of ways. The data includes all nationally recognized rating agencies' public commercial paper and fixed-income ratings; company description and contact; dealer and analyst contact; commercial paper outstanding and support information; basic statistical information; and Fitch's rating opinion.

The data base, updated weekly, is available on line. It can be accessed by dumb terminals and most IBM compatibles. General communications packages are used for accessing data. For processing, users can use Lotus and other canned programs.

There are approximately 350 clients. Price is $600 a year.

Kenneth G. Neely, vice president-marketing, is the client contact.

Compustat

The Compustat data base, compiled by Standard & Poor's Corp., provides 20 years of annual and quarterly fundamental and technical information concerning a company's balance sheet, income statement and stock performance. Coverage includes annual data on more than 6,000 firms and quarterly data on more than 2,500 of those companies.

The data base, updated monthly, is on line. It can be accessed by dumb terminals and the IBM and compatible microcomputers.

Compustat is available from Drexel Burnham Lambert, DAIS Group, Interactive Data Corp. and ADP Data Services. For accessing data, Drexel provides custom software, DAIS-LOG, but general communications software can be used. Interactive provides a terminal emulation package and ADP provides access through DATAPATH. Data can be processed on a micro with Lotus 1-2-3.

Conference Board Data Base

The Conference Board
845 Third Ave., New York, N.Y. 10022; (212) 759-0900

The data base consists of economic time series, most of which are proprietary. These series are divided into 15 categories — economic projections, economic forecasts, capital appropriations (manufacturers),

One of Our Best Points

Figuratively Speaking

One misplaced decimal point can make investment information worthless. That's why Value Line's data is collected, entered, and checked by a staff of 100 professional securities analysts. So such details as stock splits, stock dividends, and ex-dividends are correctly reported. With Value Line, you get data that's accurate down to the last decimal point. Literally speaking.

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capital appropriations (utilities), capital investment and supply conditions in manufacturing, consumer attitudes and buying plans, business executives' expectations, help-wanted advertising indexes, automobile sales, financial indicators, diffusion indexes, discretionary spending, economic forum, fiscal thrust and European forecasts. Also, it includes an economic commentary and forecasting newsletter.

Available on line, it can be accessed by dumb terminals and microcomputers. For associates, there is an annual fee of $500; for non-associates, $650.

Linette Stein Waters, supervisor-fee-paid services, is the client contact.

The Corporate Database

The Financial Post Corp.
Service Group
777 Bay St., Toronto, Ontario M5W 1A7; (416) 596-5585

The Corporate Database provides annual coverage on about 400 Canadian publicly traded companies and quarterly data on 120 companies from this universe, covering a 25-year period. One hundred facts on each company are offered from balance sheet, income statement and source of application of funds.

The data is updated from the company's published interim and audited annual reports. Data is available on line or on magnetic tape, and can be accessed by dumb terminals.

Allison Surrey, marketing supervisor, is the client contact.

Custom Compilations of Financial Data on Commercial Banks, Mutual Savings Banks, Savings & Loan Associations and Credit Unions

VERIBANC Inc.
P.O. Box 2963, Woburn, Mass. 01888; (617) 245-8370

VERIBANC's data bases, introduced in 1982, consist of client-specified portions of the latest regulatory releases of balance sheet and income information on every federally insured bank, S&L and credit union in the United States. They are updated quarterly, within one week of regulatory agency releases.

Compiled on diskette, magnetic tape or in printed form, VERIBANC also can include various performance measures, ratios and indicators of credit worthiness.

Data can be accessed by the IBM PC with either 1.2 MByte or 360 KByte diskette drive. Software is provided on a custom-programmed basis. Typical costs are $1 per institution and 20 cents per data item.

The client contact is Warren G. Heller, research director.

d

DATADISC/Financial

Cambridge Planning
55 Wheeler St., Cambridge, Mass. 02138; (617) 576-6465

The product, just released, is a data base/software package that comes on a monthly diskette. It contains 240 financial time series back to 1963 on industry and market indexes. The indexes coverage includes the NYSE, NASDAQ and Amex, the S&P, initial public offerings and foreign exchange rates.

The software provides data base management of the time series and mathematical processing of data, including regressions. It screens and prints graphs.

It will run on the IBM PC, XT, AT and compatibles. A year's subscription costs $895. Edward Hudson, president, is the client contact.

DBL Equity Valuation Database

Drexel Burnham Lambert Inc., DAIS Group
60 Broad St., New York, N.Y. 10004; (212) 480-6281

The DBL Equity Valuation Database, introduced in 1978, contains daily pricing and volume information, along with quarterly reported forecast earnings, dividends, DBL expectations-based valuation and historical relative valuation measures.

DBL expectations based data contains proprietary forecasts of long-term earnings growth rates and dividends for more than 3,000 companies. Through the DBL dividend discount model, these forecasts are used to compute expected returns for valuation purposes. DBL historic relative valuation data includes 120 months of history, where available, on p/e, p/cash flow, p/sales, ROE and yield for more than 4,000 stocks.

Updated daily, the data base is available on line. It can be accessed by dumb terminals and the IBM PC, XT and AT and compatibles. For accessing, micro users can use either general communications software or DBL's custom software DAIS-LOG. Users can process data on a micro with Lotus 1-2-3.

Robert E. Butman, senior quantitative analyst, is the client contact.

Disclosure Inc. Data and Online

The data base offers basic information on companies' major income statement and balance sheet items such as sales, net income, earnings per share, current assets and liabilities, cash in bank, long-term debt and total assets and liabilities.

It also includes sales, net income, earnings per share growth rates, dividend and earnings yield, price as a percentage of book value and items such as the percentage of institutional and insider ownership.

Vendors are Savant Corp., which formats its product to be used with the Fundamental Investor software package, and ADP Data Services, which uses DATAPATH for accessing.

The data can be accessed on dumb terminals and IBM PC, XT and AT and compatibles.

e

EXBOND Data Base

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

EXBOND contains data on terms and conditions for all issued Eurobonds. It covers price, average life yield and issue data on more than 5,500 U.S. dollar, Canadian dollar, mark, French franc, yen, florin, sterling, multicurrency and other Eurobonds.

The product corresponds to data published by EXTEL in International Bonds Service. Updated daily, data is available since the inception of Eurobonds.

Data is available on line and can be accessed by dumb terminals, the IBM PC, XT, AT or compatibles. Interactive Data provides micro users with a terminal emulation package to access data.

EXSHARE Data Base

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

EXSHARE contains historical and current information on about 250 market indexes, 190 exchange rates and more than 75,000 international securities. More than 500 data items are available for each security and cover identification, classification, dividend and interest payments, official closing prices, takeovers and mergers, capital changes, redemptions, convertibles and options.

Data is available on line and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. Interactive Data provides a terminal emulation package to access data via microcomputer.

EXSTAT Data Base

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

EXSTAT contains both historical and current financial information on more than 3,500 United Kingdom, European, Australian and Japanese companies. Information covered includes more than 160 annual balance sheet and profit/loss account items, net asset values, earnings and dividends for each company. It is compatible with the EXTEL card service. Most data is updated on a weekly basis and is available to 1971.

Data is available on line and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. Interactive Data provides a terminal emulation package to access data via microcomputer.

A directory of investment management consultants, profiling the nation's leading investment management consulting firms, will appear in the Nov. 25 issue of *Pensions & Investment Age*.

f

FASTOCK

ADP Data Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

FASTOCK contains historical daily prices, trading volumes, dividends and interest payments for principal stocks, put and call options, money market and mutual funds and corporate, municipal and federal bonds traded in U.S. markets. It also includes 244 market indicators. The product, introduced in 1978, is updated daily.

The data base is available on line and can be accessed by dumb terminals and the IBM PC and XT, using DATAPATH. The client contact is Reed Jarrell, product manager.

First Call

First Call Corp.
330 Congress St., Sixth Floor, Boston, Mass. 02210 (617) 482-3341

First Call is a real-time, multi-sourced equity research network instantaneously delivering morning meeting notes and internal research broadcasts directly from Wall Street to the investment community. Proprietary software allows approved clients to access data via user-defined equity portfolios, company, date, broker, industry and subject.

It is updated quarterly.

Data is continuously delivered via satellite. It can be accessed by the AT&T 6,300 and Okidata, which is supplied by First Call and included in the price. The firm provides software for accessing data.

The price is $1,500 a month, discounted to $1,125 a month for the first 50 clients. There are 30 clients.

Jeffrey P. Parker, president, is the client contact.

Ford Data Base

Ford Investor Services
11722 Sorrento Valley Road, Suite 1, San Diego, Calif. 92121; (619) 755-1327

The Ford Data Base, introduced in 1974, contains fundamental financial data for each of 1,400 leading common stocks. Primary data includes company name, CUSIP number, ticker symbol, quality rating, growth persistence rating, 12-month earnings per share, normal earnings per share, dividend rate, projected earnings growth rate, standard deviation of annual earnings, book value, debt/equity ratio, end-of-month share price, previous month share price, shares outstanding, percent of shares held by institutions, beta, quarterly earnings series for the past four quarters, an estimate for the coming quarter and an industry classification.

Derived data includes the past month price gain, market capitalization, price/earnings ratio, current/normal earnings ratio, dividend payout ratio, dividend yield, total return, price/book value ratio, return on equity, plowback on equity and the results of intrinsic value and earnings trend analysis performed by Ford Investor Services.

The system is updated monthly and is available on line and in diskette. On line data can be accessed by dumb terminals and microcomputers using a modem or a disk drive. A general communications package, provided by the company, can be used to access the data. There are about 1,000 clients. David C. Morse, general manager, is the client contact.

Funds Marketplace

InnerLine
95 W. Algonquin Road, Arlington Heights, Ill. 60005; (312) 364-8600

Funds Marketplace provides comparative rate listings and tracking

Defined Contribution Plans

Publishing: November 11th

Advertising Closing: October 30th

Pensions & Investment Age

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New York (212) 210-0114

Chicago (312) 649-5280

Los Angeles (213) 462-2700

analysis of $100,000 CDs from a data base of more than 600 FDIC/FSLIC insured banks and savings and loans. Features include current rates for 30-, 60-, 90- and 180-day and 1-, 2- and 3-year offerings and prioritized listings by banks, S&Ls and states. It also includes contact names and phone numbers from all posting institutions.

It offers a weekly analysis of CD trends and averages of national/state banks and S&Ls.

Data is updated at least twice a week, while the most competitive 180 posters are updated daily. The data base is available on line and can be accessed by dumb terminals with modems and IBM, IBM-compatibles and Apple microcomputers, using general communications packages.

There are approximately 2,000 clients. There is a basic fee of 70 cents per connecting minute. Allen Hong, product manager, is the client contact.

g

Global Finance Information

Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

The Global Finance Information data base provides daily foreign exchange and international money market data. The currencies of 10 countries are covered — United States, Canada, Japan, United Kingdom, France, Germany, Belgium, Netherlands, Italy and Switzerland.

Data can be accessed by dumb terminals and with an IBM PC and Northstar Advantage. Price is based on a surcharge upon software access of data base.

Dorothy Monopoli is the client contact.

Guardian Financial Insurance Services

InnerLine
95 W. Algonquin Road, Arlington Heights, Ill. 60005 (312) 364-8800

The data base provides GIC information. Features include highest rates for six GIC types; GIC carrier contract specimen; carrier financial data; A.M. Best Co. rating of carriers; on-line transmission of investor history and requirements to Guardian Financial Insurance Services; and on-line transmission of rates from carriers to Guardian Financial.

The on-line data base can be accessed by IBM, IBM compatibles and Apple microcomputers, using general communications packages.

There are approximately 2,000 clients. There is a basic fee of 70 cents per connecting minute.

Allen Hong, product manager, is the client contact.

i

I/B/E/S

The data base provides information based on the earnings estimates made by 100 institutional brokerage firms. Each firm estimates the per-share earnings for the current year, the next two fiscal years, the next four quarters and for long-term growth for a subset of 3,000 companies covered by the data base. Contributing brokers continually update their estimates and revisions are added to the system weekly.

Data can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. Vendors are Drexel Burnham Lambert Inc., DAIS Group and Interactive Data Corp. DBL's version offers screening software and downloading capabilities. It can be accessed through DAIS-LOG or general software. Processing can be done on a micro with Lotus 1-2-3.

Interactive provides a terminal emulation package to access data via microcomputer.

Income Collection

DML Inc.
115 Broadway, 11th Floor, New York, N.Y. 10006; (212) 602-5442

Income Collection, introduced in 1983, offers on-line, interactive control over cash and stock dividends, stock splits, government and mortgage-backed securities.

It is available on line and on diskette. There are five clients.

Paul Costello, account consultant, is the client contact.

Institutional Bond Quote Data Base

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

The Institutional Bond Quote Data Base, updated daily, contains about 12,000 time series on prices of round-lot sales of corporate bonds. It covers all issues listed on the New York and American stock exchanges, as well as 8,000 over-the-counter issues. Data is available from 1984.

Data is available on line and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. Interactive Data provides a terminal emulation package to access data.

International Financial Statistics Data Base

Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

The International Financial Statistics Data Base, introduced in 1981, provides historical macroeconomic, trade, balance of payment and gold tranche position data for more than 100 countries. It also contains data on loans, grants, payments arrears and rescheduling of arrears.

The data base is updated monthly.

Data can be accessed by dumb terminals and with an IBM PC and Northstar Advantage microcomputer with Hayes modem. Price is based on standard C.P.U. units.

Dorothy Monopoli is the client contact.

International Bond Data Base (German Domestic Bond Data Base)

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

The International Bond Data Base provides daily prices and descriptive information for approximately 4,500 German federal government issues, domestic German railroad, corporate, regional, bank, municipal and postal service issues and international deutsche mark and Eurodeutsche mark issues. The system is updated daily.

Data is available on line and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. Interactive Data provides a terminal emulation package to access data via microcomputer.

International Securities Data Base

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

The International Securities Data Base provides descriptive information, including SEDOL number, country of registration and security type for more than 26,000 securities traded in the U.K., Europe, Australia, Asia, South America and Africa. It includes all securities quoted in the Financial Times and followed by Capital International. Daily prices and related information begins in 1972 for the U.K. and in 1977 for all others.

Capital change and dividend information are also provided. There are more than 50 international market indexes recorded and spot exchange rates for more than 60 currencies. The data base is updated on a daily

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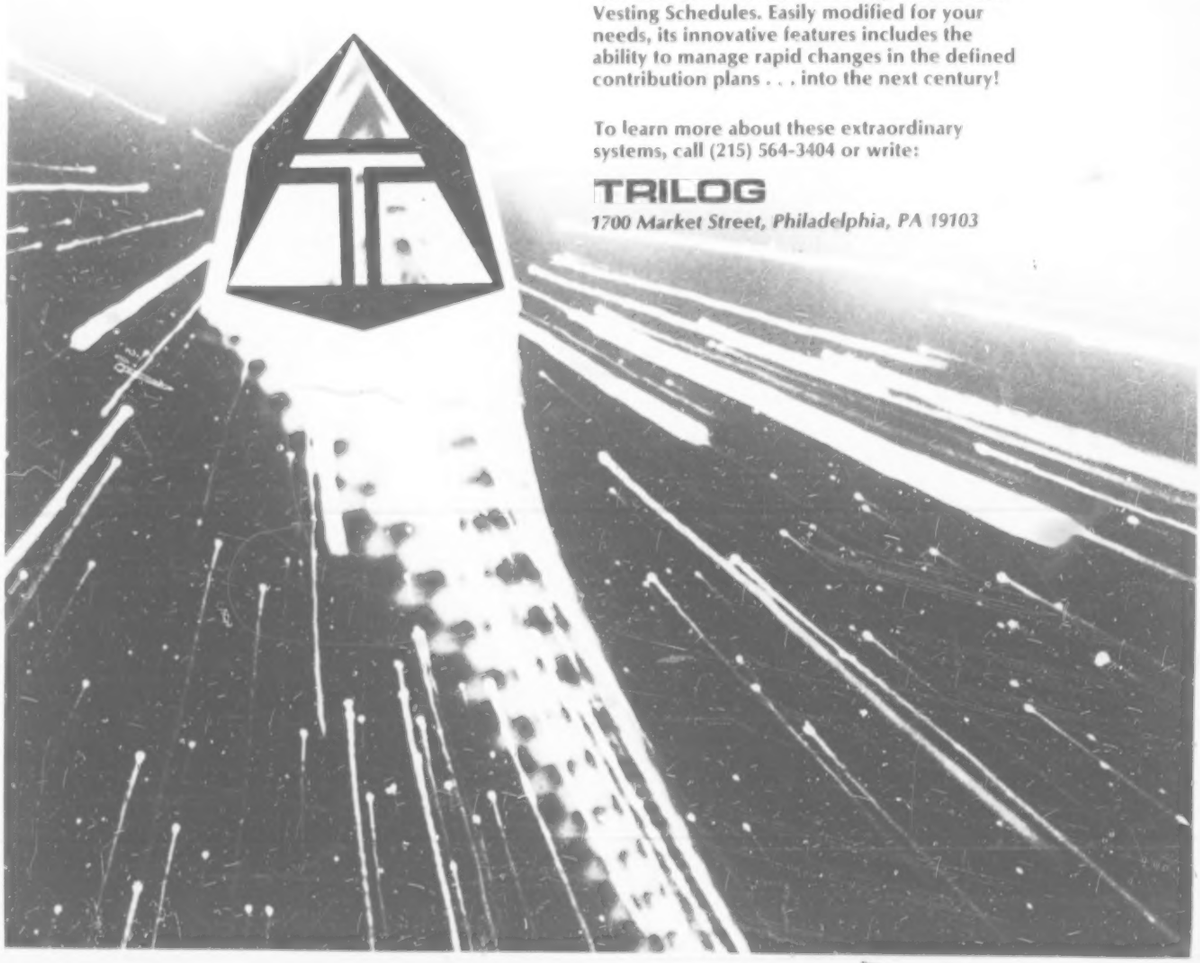


basis.

Data is available on line and can be accessed by dumb terminals, and the IBM PC, XT, AT and compatibles. Interactive Data provides a terminal emulation package to access data via microcomputer.

m

M&A

ADP Data Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

M&A provides full details on all tender offers, merges, buy-outs and divestitures valued at $1 million or more from 1979 to the present. Updated daily, it includes the going price for a company, business description, performance figures, p/e ratio and other values as well as payment modes, computed premiums and information useful in structuring, pricing and negotiating a deal.

The data base is available on line and can be accessed by dumb terminals and the IBM PC and XT using DATAPATH. The client contact is Reed Jarrell, product manager.

Marketscan

Info Globe
444 Front St. West, Toronto, Ontario M5V 2S9; (416) 585-5250

Marketscan, introduced in 1981, contains the high, low, close and volume for every stock traded on the Toronto, Montreal, Vancouver, Alberta, New York and American stock exchanges. It provides daily information for the past 250 trading days and weekly data since 1982.

The data base, updated daily, is available on line. It can be accessed by dumb terminals and any micro capable of asynchronous communications, using any general asynchronous package. For processing data, the firm provides technical analysis packages.

There are approximately 1,000 clients. It costs $2 a minute during prime time and 50 cents a minute during non-prime time, plus 1 cent a quote.

Rick Noble, sales manager, is the client contact.

Marstat Data Base

Commodity Systems Inc.
200 W. Palmetto Park Road, Boca Raton, Fla. 33432; (800) 327-0175 or (305) 392-8663

Marstat, introduced in 1984, provides coverage of all U.S. and many foreign future markets. Data includes daily open, high, low, close, volume and open interest. Daily updates also available on stocks, options, indexes, market indicators and cash prices.

The product offers data back to 1949. Intraday quotes on popularly traded commodities and futures are available.

The data base is available on line, on diskette, on magnetic tape or in printout form. Micro users can access data via CSI's Quicktrieve. CSI provides analysis software, although other compatible software packages can be used to process data.

Data can be accessed by dumb terminals and microcomputers — IBM PC, XT and AT, and IBM compatibles, Apple IIe, II+ and IIc and the Commodore 64.

Price for daily updates starts at $26.10 per month. History on diskette cost 40 cents per data month. There are 4,000 clients.

Nassrin M. Berns, marketing manager, is the client contact.

MASTERPRICE Data Base

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

MASTERPRICE, introduced in 1975, is updated daily and provides weekly bid prices for more than 37,000 unlisted corporate bonds and non-NASDAQ OTC stocks.

Data is available on line and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. Interactive Data provides a terminal emulation package to access data via microcomputer.

Money Markets Data Base

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

The data base, introduced in 1977, contains daily market rates for money market instruments, including CDs, bankers' acceptances and commercial paper, as well as direct government obligations, federal agency and municipal instruments. It also includes bank and interbank rates. The data base is updated daily.

Data is available on line and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. Interactive Data provides a terminal emulation package to access data via microcomputer.

n

Nite-Line

National Computer Network
1929 N. Harlem Ave., Chicago, Ill. 60635; (312) 427-5125

Nite-Line, introduced in 1982, provides up to 10 years of historical end-of-day data on stocks, bonds, indices, futures and options for downloading to a PC. Menu-driven software, The Nite-Line Data Conversion Disk, allows for updating of equity, debt, commodity or futures data files in Computrac and CIS format.

The software system will run on the IBM PC, XT and compatibles and the Apple II and IIe.

The data base is available on line and can be accessed via dumb terminals and microcomputers, using a PC, a modem and communications software. Tom McDonald, director of marketing, is the client contact.

p

Pensionscope Datasystems

Money Market Directories Inc.
300 E. Market St., Charlottesville, Va. 22901; (600) 446-2810

Pensionscope Datasystems, introduced in 1980, enables the investment manager to access The Money Market Directory of Pension Funds and their Investment Managers, and do market research by selecting and customizing information on organization type, total assets, geographical location, types of current investments and other variables.

The data base is available on print-outs, index cards, labels, magnetic tape and floppy disk. There are approximately 500 clients. Donna M. Perkins, product manager, is the client contact.

Pocket Quote Pro

Telemet America Inc.
515 Wythe St., Alexandria, Va. 22314; (703) 542-2042

The Pocket Quote Pro is a portable, hand-held investment monitor that provides instant quotes on stocks, options, indexes and futures. It operates via FM radio frequency and interfaces with personal computers. The quote service includes last, high, low volume and net change on NYSE, Amex and NASDAQ stocks, all options and selected futures. Tick, Trin and 27 market indexes are also available.

Data is updated continuously in real-time and can be accessed by dumb terminals and the IBM PC, XT, AT and compatible computers. Virtually any software that can read a DIF file can access the data.

The price is $395 plus $25 per month.

Company provided software, Personal Gains, works with the receiver for displaying the quotes, news and charting prices as well as storing them for later recall. It runs on the IBM PC, XT, AT and compatibles and the Apple IIe and IIc. Price is $89. There is also a charge of $25 per month for accessing the data.

The client contact is Telemet sales, at (800) 368-2078.

Prices Data Base

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

Prices Data Base provides daily prices and volume for more than 43,000 U.S. traded equities and fixed-income securities, beginning in 1968. Daily prices and volume data is available for approximately 1,100 Canadian equities and 57 Canadian indexes. It covers listed equities traded on the major U.S. and Canadian exchanges, most U.S. regional exchanges and OTC markets, and fixed-income instruments traded on the New York and American stock exchanges and Government Issues Market.

Daily and/or weekly market indicator data is provided for the NYSE, Amex and NASDAQ. There is also FASTPRICE service, offering daily closing prices for securites listed on those exchanges. The latest 12 months' EPS and annual dividends for equities are indicated. Monthly prices for about 100 bond and money market indexes are provided by Salomon Brothers (since 1978) and Lehman Brothers (since 1972).

Data is available on line and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. A PC SCREEN and DataSheet from Interactive Data is required to access data via a microcomputer.

Purchase & Sales

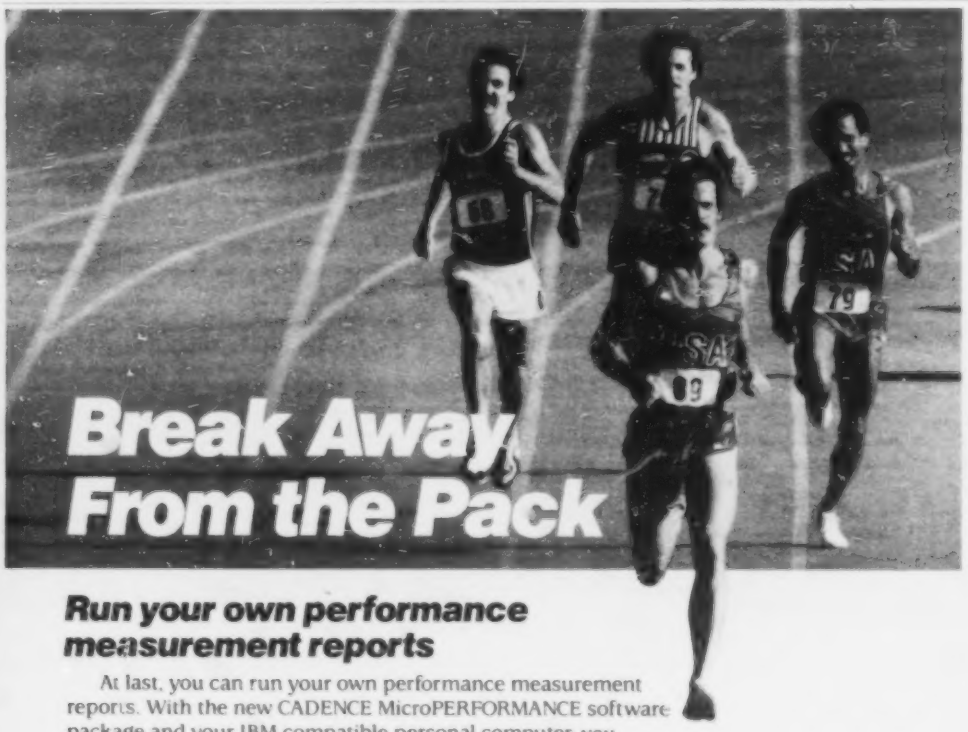
DML Inc.
115 Broadway, 11th Floor, New York, N.Y. 10006; (212) 602-5442

The Purchase & Sales system, introduced this year, offers on line and reporting capabilities that encompass the processing of security transactions from order entry to the settlement cycle, with special emphasis on mortgage-backed and municipal securities. The system is also available on diskette.

William Potts, vice president, is the client contact.

Pensions & Investment Age will take an in-depth look at state and municipal pension funds and their management in a special report on public retirement systems.

The report is scheduled to be published in the Oct. 28 issue of the newspaper.



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Radio Exchange
Telemet America Inc.
515 Wythe St., Alexandria, Va. 22314; (703) 548-2042

Radio Exchange, introduced in 1985, provides instant access to quotes, graphs and news on NYSE, Amex and NASDAQ stocks, all options exchanges and selected futures exchanges. Quote data includes last, high, low volume and net change. Tick, Trin and 27 market indexes are also available.

Radio Exchange operates via FM radio frequency. Data is updated continuously, in real-time and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles.

The firm provides custom software but general communication packages may be substituted.

The price is initially $395 plus $25 per month.

The software, Personal Gains, works with the receiver for displaying the quotes, news and charting prices as well as storing them for later recall. It runs on the IBM PC, XT, AT and compatibles and the Apple IIe and IIc. Price is $89. There is also a charge of $25 per month for accessing the data.

Potential customers may contact Telemet Sales at (800) 368-2078.

Rapidquote
Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

The Rapidquote II data base, introduced in 1971, provides current and historical trading, financial and descriptive information on more than 52,000 U.S. equity and debt securities. Historical data goes back 12 years. More than 200 key market and industry indexes are included. Data available for each security are price, volume, high, low, closing dividends, beta factors, CUSIP, exchange code and EPS shares outstanding.

The firm provides applications software to do analyses. Data can be accessed by dumb terminals and either the IBM PC or Northstar Advantage with a Hayes modem. Users can write their own programs. The list price is a surcharge based upon software access of data base. Dorothy Monopoli is the client contact.

S

Securities Lending
DML Inc.
115 Broadway, 11th Floor, New York, N.Y. 10006; (212) 602-5442

The DML Securities Lending system, introduced in 1981, offers online, interactive control over lending/borrowing activities of corporate issues and government securities.

It is also available on diskette. It may be accessed by dumb terminals and microcomputers. There are 23 clients.

Paul Costello, account consultant, is the client contact.

Securities Movement and Control
DML Inc.
115 Broadway, 11th Floor, New York, N.Y. 10006; (212) 602-5442

The Securities Movement and Control system, introduced in 1985, offers on line interactive control over all the primary functions of the cashiering department complemented by batch processing for overnight updates from clearing corporations and depositories.

It is also available on diskette. It can be accessed by dumb terminals and microcomputers. There is one client.

William Potts, vice president, is the client contact.

Security Master Data Base
Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

The Security Master Data Base provides security descriptions for more than 60,000 North American corporate securities as well as other identification information such as CUSIP number, IDC symbol and exchange ticker symbol with suffix. It also contains security classification information such as SIC code, exchange and security type. Status information includes date added to the data base, first date of available prices and trading status. The data base also provides information for domestic bonds and government securities, including quality ratings, maturity dates and amount outstanding.

The data base, which is updated daily, is available on line and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. Interactive Data provides a terminal emulation package to access data.

Split and Dividend Data Base
Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

Split and Dividend Data Base provides daily stock splits and stock and cash dividends beginning in 1971 for all dividend-paying securities. It includes common and preferred stocks, foreign issues, American Depository Receipts, mutual funds and most major indices. The data base also gives split and dividend dates such as exdividend date, payment date and holder-of-record date. It also reveals average dividends of companies in the Dow Jones and Standard & Poor's indices.

The system is updated as data becomes available. Data is available on line and can be accessed by dumb terminals and the IBM PC, XT, AT and compatibles. Interactive Data provides a software package to access data.

Standard & Poor's MarketScope
Standard & Poor's Corp.
25 Broadway, New York, N.Y. 10004; (212) 208-8735

MarketScope, introduced in 1983, offers real-time on-line information service, providing both background on more than 4,700 companies and instant commentary on stock and bond markets, industry and economic developments. The data base is updated continuously, offering stock commentary seven times daily, interest rates five times daily as well as investment ideas to fit five portfolio objectives.

Data can be accessed by dumb terminals or the IBM PC and compatibles. Special software is required.

Price is $47 per terminal per month for each of the first four terminals and $26.25 per month for each additional terminal in the same location. There is $100 per location minimum.

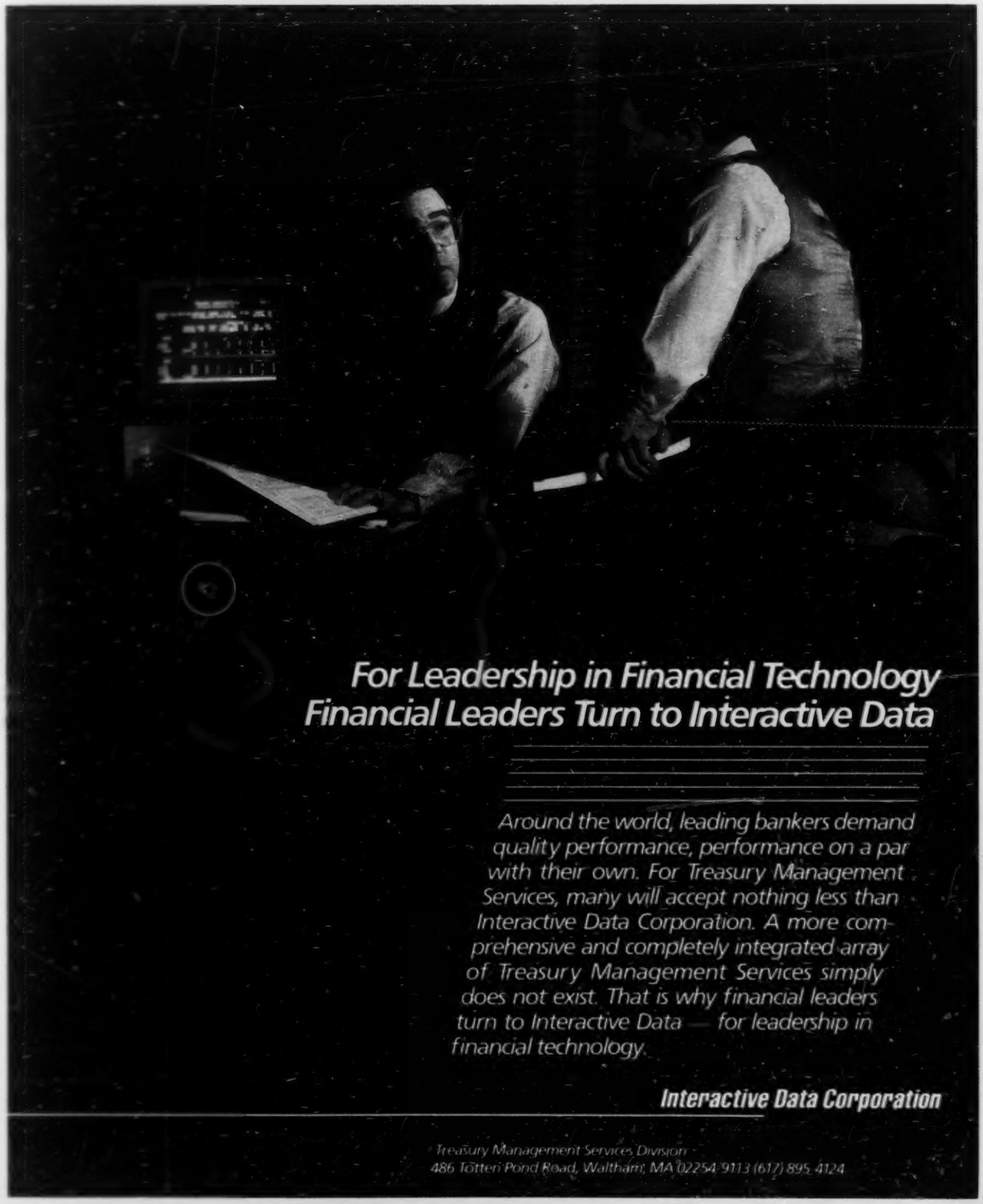
It has more than 250 clients. Terry Gustamachio, customer consultant, is the client contact.

t

Telerate II
Rapidata Division, National Data Corp.
20 New Dutch Lane, Fairfield, N.J. 07006; (201) 227-0035

The Telerate II, introduced in 1980, provides information on the U.S. money market. It offers more than 500 series covering the major domestic money market instruments, key precious metal prices, Eurocurrency deposit rates and international money market rates. The information is updated daily.

Data can be accessed by dumb terminals and the IBM PC and North-



star Advantage with a Hayes modem. The list price is a surcharge based upon software access of data base. Dorothy Monopoli is the contact.

V

ValueLine Database II

ValueLine Database II provides balance sheet and income statement data and sources and users of funds. It provides precomputed analytic ratios for more than 2,400 NYSE and Amex companies as well as major OTC issues and provides ValueLine analysts' earnings estimates covering about 2,000 companies.

The data base, updated monthly, is available on line. It can by accessed by dumb terminals and by the IBM PC, XT, AT and compatibles.

Vendors are Drexel Burnham Lambert Inc., DAIS Group and Interactive Data Corp, under the name Value Line Data Base-II. DBL offers accessing through general software or DAISLOG. Processing can be done with the Lotus 1-2-3. Its data base can also screen software and has downloading capabilities.

Interactive provides a terminal emulation package to access data.

Vestek Online System

Vestek Systems Inc.
353 Sacramento St., Ste. 2100, San Francisco, Calif. 94111; (415) 398-6340

Vestek Online System, introduced in 1984, contains the programs and data bases required to manage equity, cash and fixed-income portfolios. The systems include a trade date accounting package and more than 100 security analysis, portfolio analysis and portfolio management programs. When downloading, the user has access to equity data bases containing more than 80 attributes for 11,000 stocks and fixed-income data bases containing more than 50 attributes for 20,000 government and corporate bonds.

Data is updated daily and can be accessed by both dumb terminals and microcomputers. The system is accessed using Telenet by a micro using any of the commercially available communication packages.

It is downloaded in PRN format and can be loaded into Vestar, the Vestek PC-based portfolio management and analysis system, and programs such as Lotus 1-2-3 and dBase II.

Price is a $10,000 minimum credit vs. usage. There are approximately 85 clients. The client contact is Sam Campopiano.

Vestor

Investment Technologies Inc.
510 Thornell St./Metropark, Edison, N.J. 08837; (201) 494-1200

Vestor, introduced in 1982, is an on-line evaluative service containing more than 30 programs. Users can dial up the data base, which covers more than 4,500 securities, for evaluations of stocks, options, futures and indexes, as well as entire portfolios. Subcribers receive buy/sell signals, price objectives, stock recommendations, rankings and historical information. Also, the user receives price and volume data — daily and weekly — plus moving averages for five to 40 weeks.

Users can screen securities using 13 criteria. Evaluation reports include reward/risk ratios, projected trading ranges for the coming week, short- and long-term strength indicators, volatility and an alpha indicator.

Data can be accessed by dumb terminals and any microcomputer using either a 300 or 1,200 baud modem and a general communication software package.

There is a $295 one-time sign-up fee and a $24 per month minimum. There are 500 clients.

Brian Kadish, vice president-sales, is the client contact.

Z

Zacks PDE (Price DPS, EPS)

Zacks Investment Research Inc.
2 North Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

The data base, updated daily, provides price, earnings per share and dividends for 3,000 companies. It contains one year of daily prices and 10 years of monthly prices, total return and quarterly earnings per share and dividends.

The product is available on line, by diskette, in print report and on magnetic tape. It can be accessed by dumb terminals and microcomputers using general communication packages. The firm provides canned programs to process data. Cost is $2,500 a year. There are 200 clients. Leonard Zacks, president, is the client contact.

Zacks Wall Street Estimates/Icarus

Zacks Investment Research
2 North Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

The data base contains more than 50,000 earnings per share estimates from more than 2,200 analysts. Those estimates are for about 3,500 companies for the current fiscal year, next fiscal year, five-year growth, current quarter and next seven quarters.

The product is available on line, by diskette, in print report and on magnetic tape. It can be accessed by dumb terminals and microcomputers using general communication packages. The firm provides canned programs to process data.

Cost is $5,000 a year. There are more than 200 clients. Leonard Zacks, president, is the client contact.

Software

a

The Active Investor Series

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

The Active Investor Series, introduced in 1985, is an integrated microcomputer-based investment analysis package for portfolio management, technical charting and fundamental analysis. The program accesses the firm's financial data bases for daily pricing information on equities, corporate and municipal bonds, government issues, funds, warrants, put and call options, index options and other holdings. It also accesses Value Line's Fundamental Data Base and Ratings Data Base.

It runs on the IBM PC, XT, AT and compatibles. List price is $495. Ann Marie Mosca, marketing director, is the client contact.

(AIM) Asset Investment Management

West Coast Software
4724 S.W. Macaoam, Portland, Ore. 97201; (503) 796-1046

AIM, introduced in 1983, is an integrated performance measurement and multioptimization asset allocation system. It calculates time- and dollar-weighted returns, does regression analysis and graphically displays investment performance from 1926.

It also can optimize a portfolio nine ways. Models can be created and stored using the firm's data base or by the user's own input.

It runs on the IBM PC, XT, AT and compatibles. List price is $5,000 per year. There are 41 clients. Michael Boyen, principal, is the client contact.

APM (Asset Projection Model)

Callan Associates
859 Harrison St., San Francisco, Calif. 94017; (415) 974-5060

APM, introduced in 1985, projects asset values, contributions and spending for endowments, foundations and trusts. It offers text effects of variations in inflation, investment policy and spending policy on projected assets. It provides tabular and graphic output.

It can be integrated with other Callan software packages.

It runs on the IBM PC and compatibles. List price is $6,000 a year. There are four clients. Lou Kingsland, senior vice president, is the client contact.

Assetmax Asset Mix Optimizer

Callan Associates
859 Harrison St., San Francisco, Calif. 94017; (415) 974-5060

Assetmax, introduced in 1984, optimizes asset mix for up to 50 asset categories. It calculates range of expected rates of return and probability of achieving target rates of return. It provides tabular and graphic output.

It can be integrated with other Callan software packages.

It runs on the IBM PC and compatibles. List price is $3,000 a year. There are 20 clients. Lou Kingsland, senior vice president, is the client contact.

b

BACKTEST

Zacks Investment Research
2 North Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

BACKTEST, introduced in 1985, includes five years of history on 500 companies, 50 data items per company, on updated monthly diskettes. The Compustat version has 10 years of quarterly data; the ValueLine version has 10 years of annual data. The software measures historical performance of market sectors, screens, vendor models and actual portfolios. The user can test and build indicators to predict relative prices. It calculates ICs, holding-period returns, time-weighted and dollar-weighted returns.

It runs on the IBM XT and can plug into data bases offered by Valueline, Compustat, Media General and Data Resources Inc. Price is $7,500 a year. Leonard Zacks, president, is the client contact.

BASELINE

BASELINE Financial Services Inc.
90 Broad St., New York, N.Y. 10004; (212) 246-4323

BASELINE, an all-graphic program, applies computer power to the concept of central value, using the reported earnings and dividends of a company and the risk-free rate. The product, which has a universe of more than 800 NYSE stocks, has screening and forecasting capabilities.

It runs on IBM micros and compatibles. Twenty-five systems have been sold. Christopher B. Cowie, vice president, is the client contact.

BASIS

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

BASIS is a fixed-income analysis package that does screening, spread charting, swap analysis and mortgage-backed calculations. It accesses data on a full range of corporate, agency, government, mortgage-backed pools and other fixed-income instruments.

It runs on the IBM PC, XT, AT and compatibles. The cost is $20,000 for an annual subscription plus a one-time software fee. Dan Lancellotti, product manager, is the client contact.

BOND BRAIN

Decision Programming Corp.
5640 Nicholson Lane, Suite 103, Rockville, Md. 20852; (301) 231-6393

BOND BRAIN, introduced in 1981, computes prices and yields for municipal, corporate and agency bonds, including accrued interest, extensions and after-tax yields. It also offers range analysis, allowing the user to analyze prices, yields, variable reinvestment rates and interest rate movement over a user specified range of values.

The program also has a "what if" capability. It can be used for comparative investment decision-making. Bonds with different maturities and yields can be compared to determine which issues best fit investment objectives.

The program can plug into the Chase/Interactive Data Corp. data base and has a universal interface capability with most professional data bases.

The program runs on the IBM PC, XT and AT, and the Apple II+, IIe, and III. List price is $175. About 200 copies have been sold. Beth-ada Hess is the client contact.

BONDFLO

Gifford Fong Associates
3730 Mt. Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

BONDFLO, a fixed-income portfolio cash flow matching system, can handle long streams of liabilities of any frequency or size. It can also handle many types of fixed-income securities, including government, corporate, pass throughs and private placements.

The user has a choice of three objective functions that determine the outcome of the dedication. The user can minimize the cost of the assets needed to dedicate, minimize the cash flow mismatch or maximize asset terminal value. A reinvestment rate can be specified and various constraints may be imposed to shape the outcome of the portfolio selected by the system.

The system can plug into data bases offered by the Interactive Data Corp.

It runs on the IBM XT and AT. Vic Thompson, applications specialist, is the client contact.

BONDIM

Gifford Fong Associates
3730 Mt. Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

BONDIM is a fixed-income portfolio immunization system. It can immunize assets, including corporate and government bonds, pass through securities and private placements, to a single horizon date or to a stream of variable dollar liabilities. Immunization risk is controlled by various objective functions so the user can analyze risk and return trade offs. A simulation ability is included and can be used for historical or prospective simulation. Contingent immunization is available.

It can plug into data bases offered by the Interactive Data Corp.

It runs on the IBM XT and AT. Vic Thompson, applications specialist, is the client contact.

BONDPAR

Gifford Fong Associates
3730 Mt. Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

BONDPAR, is a fixed-income portfolio performance measurement and attribution system. It measures a portfolio's total return and apportions the return into various sources: external effects of the interest rate level and interest rate change and the management contribution of maturity management, sector/quality management and individual bond selection. It includes returns for each security as well as the effects of transactions throughout the evaluation period. Portfolio returns may be compared to a similar market index or benchmark portfolio.

It runs on the IBM XT and AT. Kathleen Earley, applications specialist, is the client contact.

BONDPORT

Garmaise & Associates
33 Yonge St., No. 1320, Toronto, Ontario M5E 1G4; (416) 364-0351

BONDPORT, introduced in 1983, is intended for use by fixed-income portfolio managers in setting investment strategy. From automatically downloaded current bond prices, BONDPORT calcu-

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The public pension funds issue of *P&I Age* is Oct. 28.

lates the current government yield curve and the spreads in those prices because of the effects of coupon, sector, extendibility and retractability. The user may construct up to five forecasts for the yield curve and spread relationships.

A simulation is performed on all bonds in all scenarios to determine the effects of the forecasts on the risk and return of each bond, as well as of specified portfolios. It calculates forecasted prices, yields, holding period returns, durations, average term and realized compound yield, and allows prices and returns to be translated into alternative currencies. Results are presented in flexible graphical and tabular form.

Independent of the simulation routines, BONDPORT has a fixed-income mathematics section. In addition to price, yield, realized compound yield, holding period return and duration calculations for individual bonds, the mathematical routines can handle stripped bonds, Eurobonds and mortgage calculations.

It runs on the IBM PC, XT, AT and compatibles and has the capacity to plug into data bases offered by Interactive Data Corp. and F.R.I. About 30 copies have been sold. Timothy Appelt, product manager, is the client contact.

BondPro

Outwater & Wells Inc.
15 Exchange Place, Jersey City, N.J. 07302; (201) 434-8900

BondPro, introduced in 1982, provides a quick and efficient method of maintaining and updating portfolios. It calculates yields, prices, accrued interest and extensions on municipal and corporate bonds to maturity or call. The product also has been designed to facilitate bond swaps.

Bonds can be grouped into 20 different portfolios or packages and are easily updated and revised to permit substitution or re-grouping. BondPro can then compare and analyze the packages selected and print out the results, including individual and weighted averages, ratings, maturity, coupon, annual income, block size, gain or loss and cost. Printouts are completed automatically, listing bonds chronologically by maturity with calculations based on any settlement date.

It runs on the IBM PC and XT. List price is $1,099. Marvin E. Goldin, vice president, is the client contact.

BondScholar

InvesTek Inc.
P.O. Box 1006, 317 E. Capitol St., Suite 217, Jackson, Miss. 39205; (601) 355-1335

BondScholar, introduced in 1982, provides fixed-income analysis, including discounted cash flow yields on private placements, bullet bonds, mortgage-backed securities and sinking fund preferred stocks. It incorporates user tax rates and reinvestment rates to compute future values, compound rate of return and par bond equivalents on any fixed-income security.

Price ranges from $1,995 to $3,995, depending on options. There have been 90 copies sold.

It runs on the IBM PC, XT or AT. Carolyn Rains, vice president, is the client contact.

BONDSENS

Gifford Fong Associates
3730 Mt. Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

BONDSENS is a fixed-income simulation system that translates expected changes in interest rates and spread relationships into expected returns for individual fixed-income securities as well as the total portfolio.

Fixed-income managers concerned with maximizing the total return of their portfolio are the main candidates, especially those concerned with interest rate anticipation.

It runs on the IBM XT and AT. John Whitehead, applications specialist, is the client contact.

Bondseye

Erge Inc.
1419 Wyant Road, Santa Barbara, Calif. 93108; (805) 969-9366

Bondseye, introduced in 1985, is a bond and money market instrument calculator. Capabilities include yield to maturity/call, price from yield, realized yield, effective par rates, crossover yield/price, swap analysis, convertible bond analysis, T-bill prices/discount yield, dollar extentions, value analysis and calendar functions. Frequently used bond data can be kept in files to avoid repetitive data entry.

The program can handle initial vs. secondary market conditions, odd first/second coupons, redemption after last coupon, premium amortization and unusual pay frequencies.

It runs on the IBM PC, XT, AT and compatibles. List price is $90. Bret Tucker, president, is the client contact.

A directory of investment management consultants appears Nov. 25.

The Bond Swap Analyzer

Technical Data Corp.
330 Congress St., Boston, Mass. 02210; (617) 482-3341

The Bond Swap Analyzer, introduced in 1982, determines the profitability, cash flow benefit, rate of return and accounting impact of a proposed single- or multiple-issue bond swap. Analysis is performed on both a before- and after-tax basis. Breakeven calculations determine the exact market conditions necessary for a proposed swap to be profitable.

It runs on the IBM PC, XT, AT and compatibles. List price is $1,700. The firm's financial software series has more than 600 clients using multiple products. Robert Huebscher, vice president-financial software division, is the client contact.

BONDTRAC

Gifford Fong Associates
3730 Mt. Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

BONDTRAC is a system used to tract the performance of a given bond index with an actual portfolio of manageable size. It allows flexibility in the selection of the securities to be used in tracking the index and makes it possible to combine the index tracking procedure with another Gifford Fong Associates methodology called return enhancement, which identifies relatively mispriced securities in an attempt to increase expected return. That procedure provides the attractiveness of low portfolio turnover as well as the low risk/return ratio associated with indexing.

It runs on the IBM XT and AT. John Whitehead, applications specialist, is the client contact.

BondWare

Davidge Data Systems Corp.
12 White St., New York, N.Y. 10013; (212) 226-3335

BondWare, introduced in 1984, is a decision support tool for sophisticated fixed-income security investors and marketing personnel. The integrated yield calculation, portfolio filing, portfolio analysis and swap analysis modules provide significant capabilities in the analysis of bond investments. Other capabilities include a link to Lotus spreadsheet products, amortization/accretion tables, optional bond data base access and strip yield charts.

It runs on the IBM PC, XT, AT and compatibles. List price is $450. About 30 copies have been sold. Jack Taylor, vice president, is the client contact.

BROKER'S HELPER

North American Software Inc.
4154 Crossgate Drive, Cincinnati, Ohio 45236; (513) 793-2240

BROKER'S HELPER, introduced in 1985, is a fully interactive support system, providing "real time" support in client and portfolio management, automatic product placement, automated verbal and written communications, calculations and search tools

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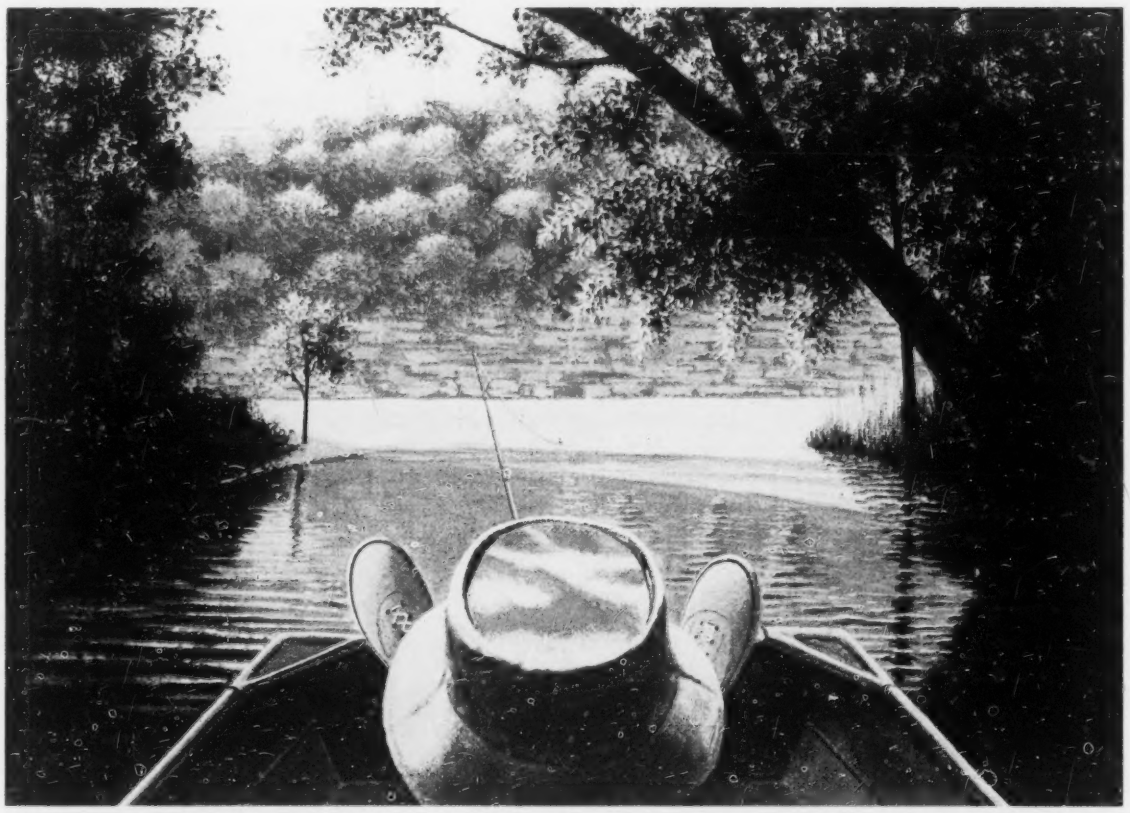

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permitting total flexibility in segregating clients and accounts based on user-defined criteria.

It also has a fully integrated word processor with background printing and a "what if" capability to see the full effect of trades before the fact.

It provides instant appreciation reviews, yield perspective, risk exposure, transaction summary, tax position in Schedule D format for any time period and open positions by tax lot for thousands of accounts.

The program also has automatic phone dialing, "decider" coding for grouping accounts and client alerts based on security price changes.

It will run on the IBM PC, XT and AT; the AT&T PC 6300; COMPAQ; and compatibles. It has the capacity to plug into data bases.

The list price is $1,595, which is refunded if production is not up 20% or more in six months. The client contact is Bob Seal, president.

A special section on defined contribution plans appears Nov. 11.

BTSI-PC-Portfolio System

ADP-BTSI
80 Pine St., New York, N.Y. 10005; (212) 815-0718

BTSI-PC-Portfolio System, introduced this year, allows brokerage houses with investment management arms to review client portfolios by downloading from BTSI's computer to a micro. ADP-BTSI offers data processing services to brokerage houses. Transactions made through brokerages not serviced by ADP-BTSI have to be manually loaded.

For a client's portfolio, the system allows users to perform a breakeven analysis, margin analysis and time-weighted performance and has the ability to create a spreadsheet file, offering support with Lotus and Visicalc.

It can identify holders of options approaching expiration or parity and can generate capital gains reports for any calendar period. It allows the cross-referencing of the portfolio against a client's investment interest. It also can produce a prospective client list and offers word processing support with Multimate and Word Star.

The program runs on the IBM PC. It lists for $1,500 plus downloading charges.

Dominick Giommetti, marketing support manager, is the client contact.

CADENCE MicroPERFORMANCE

CDA Investment Technologies Inc. 11501 Georgia Ave., Silver Spring, Md. 20902-1975; (301) 942-1700

The program, introduced in 1985, enables the user to run concise, understandable reports that provide all the essential information needed to measure a fund's performance. It consists of a menu of seven tables and seven color charts. It allows users to compare fund returns with the cost of living, investment objectives and actuarial rates. The user can review unit values, quarterly returns and risk.

It also allows funds to be ranked within a universe of similar funds. Data can be downloaded to popular spreadsheet packages.

Price is based on the number of funds and the number of tables and charts. It runs on the IBM PC and compatibles. There are 60 clients.

David Cook, vice president, is the client contact.

CADENCE Online Performance Measurement

CDA Investment Technologies Inc. 11501 Georgia Ave., Silver Spring, Md. 20902-1975; (301) 942-1700

The product, introduced in 1980, provides a comprehensive report with a menu of 40 tables and color charts. Reports include returns for the total fund and up to four fund segments. It also offers rankings with the firm's universe of equity, fixed-income and balanced funds.

It provides a special master trust feature, allowing the user to run composite reports and management summaries. The system can interface with most major trust accounting systems.

Reports can be run two days after month end, and rankings 20 days after month end.

Price depends on the number of tables and charts used, but there is a minimum of $7,200 a year. There are more than 1,500 funds on the system. David Cook, vice president, is the client contact.

CASHSENS

Gifford Fong Associates 3730 Mt. Diablo Blvd., Suite 350, Lafayette, Calif. 94549; (415) 283-8363

CASHSENS is a short-term investment management and analysis tool. Its major features include on-line money market quotations with conversion of quoted rates to equivalent yields, forward rate analysis and spread analysis of entire money market. Individual trade analysis includes equivalent yield calculations, forward break even rates, repo/reverse analysis.

The program also includes a portfolio accounting module to monitor the short-term portfolio activity, track transactions, holdings, weighted yields, holding limits and maturities.

It runs on the IBM XT and AT. Kathleen Earley, applications specialist, is the client contact.

Centerpiece

Performance Technologies Inc. 4024 Barrett Drive, Suite 202, Raleigh, N.C. 27609; (800) 528-9595 or (919) 787-2911

Centerpiece, to be released next month, generates 12 reports for portfolio analysis and management: performance summary for time-weighted rate of return; position analysis for overview of type, weight, size, total return and performance impact of each security position; yield analysis for income, current yield and yield to maturity; cross-reference for tracking a position in multiple portfolios; realized gain and loss; unrealized gain and loss; income received; tax planning summary for year-to-date overview; broker fees report sorted by broker for amounts, cents per share, and percentage of trade amount; cash funds and margin; securities ledger; and cash ledger.

The program is menu-driven; toll-free customer support is provided.

It runs on the IBM PC, XT, AT and most compatibles. The program includes communications to work with most data base services. The introductory price is $265. Carl Schultz, president, is the client contact.

Chartcraft Online

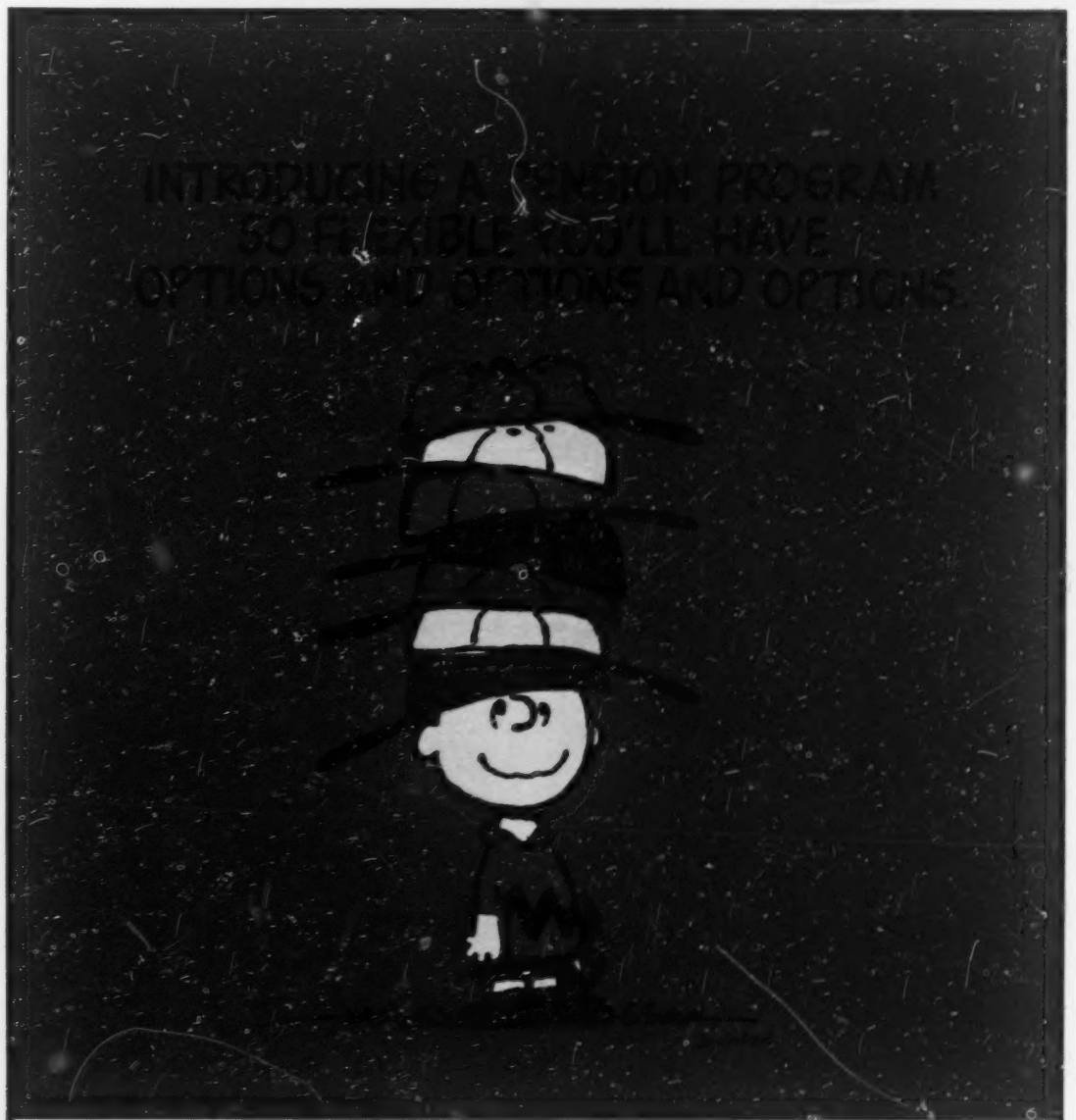
Chartcraft Inc. 1 West Ave., Larchmont, N.Y. 10538; (914) 834-5181

Chartcraft Online, which covers listed options and 3,000 stocks, shows changes in point and figure charts and allows for data from a day's trading activity to be downloaded into a microcomputer after 10:30 p.m. until 6 p.m. the following day. The already processed information can be grouped according to trends in the charts, index options and industry groups. The relative strength of the stocks compared to the Dow Jones Industrial Average is included weekly after the close Tuesdays.

Data, processed according to point and figure theory, allows attention to be focused on stocks that are changing and the directions of the changes.

Data is updated nightly and can be accessed by the IBM PC, XT and AT, and the Apple IIe.

Price is $595 for stocks with listed options and $2,995 for stocks. The client contacts are Mike Burke and Rick Gray.



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Client Tell Systems & Client Tellephone

William C. Pavlick Inc.
310 Belmont Ave., West Hempstead, N.Y. 11552; (516) 485-2865

Client Tell, introduced in 1981, is a complete client portfolio management system. It includes 24 reports and will interface with the Lotus 1-2-3 and Symphony spreadsheets and Wordstar and Multimate letters.

Client Tellephone, introduced in 1984, is a client prospecting management module that contains autodials, tickler reports, mailing labels and interfaces with Wordstar and Multimate for personalized letters.

Both programs can runs on the IBM PC, XT, AT and compatibles. The product can plug into data bases offered by Warner Communications and Compuserve. The list price for Client Tell is $1,000 and for Client Tellephone, $450. Ro Pavlick, director of marketing, is the client contact.

Compass Portfolio Planning System

Morley & Associates Inc.
4000 Kruse Way Place, Suite 2-300, Lake Oswego, Ore. 97034; (800) 548-4806

Compass, introduced in 1984, is an asset allocation system. It provides a 40-asset class data base with full editing features; an evaluator mode for projecting the expected performances of existing portfolios; an optimizer mode that determines the 10 best portfolio compositions given user inputs on individual rates of return, asset usage constraints, time horizon and minimum acceptable rates of return; an efficient frontier that allows the user to analyze any point on the frontier and compare existing portfolio performances with the frontier. The user can control asset usage with constraints, rates of return and time horizon.

The system, which has full-color graphics, has been applied to asset allocation studies, risk vs. return, client analysis, investment policy development, and the marketing of investment services and products.

It runs on the IBM PC, XT and AT, Compaq, Hyperion and Columbia. List price is $5,995. Approximately 75 systems have been sold. J. Thomas Morrow, executive vice president, is the client contact.

CRED-Intel "Clairvoyance"

Cambridge Research Services Inc.
50 Church St., Box 2605, Cambridge, Mass. 02238; (617) 491-6221

"Clairvoyance" is an expert system designed to assess and manage interest rate risk. It will run on the IBM XT or AT. The list price is $15,000 and approximately 10 systems have been sold since the product was introduced in 1985. Walter Campbell, managing director, is the client contact.

CSL Stock Analyser

Info Globe
444 Front St. West, Toronto, Canada M5V 2S9; (416) 585-5250

The CSL Stock Analyser, introduced in 1984, provides the user with automatic access to trading history on stocks on the New York, American, Toronto, Vancouver, Alberta and Montreal exchanges. Stock history is available for 250 days or for more than 200 weeks. The built-in communications updates portfolio disks. Ten graphic technical analysis studies can be performed using a user defined price and period. Stock data can be adjusted for stocks splits and can also be transferred into Lotus 1-2-3 or any package that accepts D.I.F. files.

The software will run on the IBM PC, Data General, COMPAQ, Radio Shack, Zenith and AT&T. The program has the capacity to plug into Marketscan.

The list price is $299 (Canadian). John McNamara is the client contact.

A review of 1985 and a preview of 1986 will appear in the Dec. 23 issue.

CSL Stock Charter

Info Globe
444 Front St. West, Toronto, Canada M5V 2S9; (416) 585-5250

The CSL Stock Charter, introduced in 1985, provides the user with automatic access to historical trading data on stocks that are traded on the New York, American, Toronto, Vancouver, Alberta and Montreal exchanges. Stock history is available for 250 days or for more than 200 weeks.

Built-in communications updates the user's portfolio disk. Seven graphic technical analysis studies including on-balance volume, Granville's relative strength and moving averages, can be performed using a user-defined time period. Graphs can be printed for distribution.

The software will run on the Apple Macintosh and has the capacity to plug into Marketscan.

The list price is $249 (Canadian), which includes ½-hour access time and membership to the data base. John McNamara is the client contact.

d

DAIS-Graph

Drexel Burnham Lambert Inc., DAIS Group
60 Broad St., New York, N.Y. 10004; (212) 480-6281

The program, introduced in 1984, provides on-line color graphic capabilities. Graphics applications include a price and volume chart covering three years and displaying closing price, daily volume, 50-day average price and the S&P 500; market flow — cumulative, block and non-block money flow patterns along with price and volume since the last quarter of 1983; a chart of historical relative valuation measures such as prices, earnings per share, p/e, price/book and ROE, covering either a five-year or 10-year period; and a chart displaying the S&P 500, long-term bond rate and equity risk premium.

It can access all DBL equity valuation data bases, Compustat, ValueLine, I/B/E/S and Zacks Consensus Earnings Data Base. It runs on the IBM PC, XT and AT and compatibles. Robert E. Butman, senior quantitative analyst, is the client contact.

DAIS-LINK

Drexel Burnham Lambert Inc., DAIS Group
60 Broad St., New York, N.Y. 10004; (212) 480-6281

The program, introduced in 1984, is a communication package that allows users to access 25 financial data bases and download to Lotus 1-2-3. The data bases it can access are all DBL equity valuation data bases: Compustat, ValueLine, I/B/E/S and Zacks Consensus Earnings Database. Those data bases contain more than 5 million pieces of equity information. Users need only specify ticker symbols or the name of a stock universe, along with data item codes. User spreadsheets are automatically updated with a single keystroke.

It runs on the IBM PC, XT and AT and compatibles.

Robert E. Butman, senior quantitative analyst, is the client contact.

DAIS-SCREEN

Drexel Burnham Lambert Inc., DAIS Group
60 Broad St., New York, N.Y. 10004; (212) 480-6281

The program, introduced in 1984, is an interactive screening and reporting system that gives users the ability to rapidly select stocks based on specified financial criteria. Users may screen against any existing data item on the DAIS system — such as daily pricing, relative valuation measures and earnings estimates — or use their own analytic ratios and formulas.

Once a group of stocks is selected, users can either examine the results on-line or save the results by downloading into a file for further analysis.

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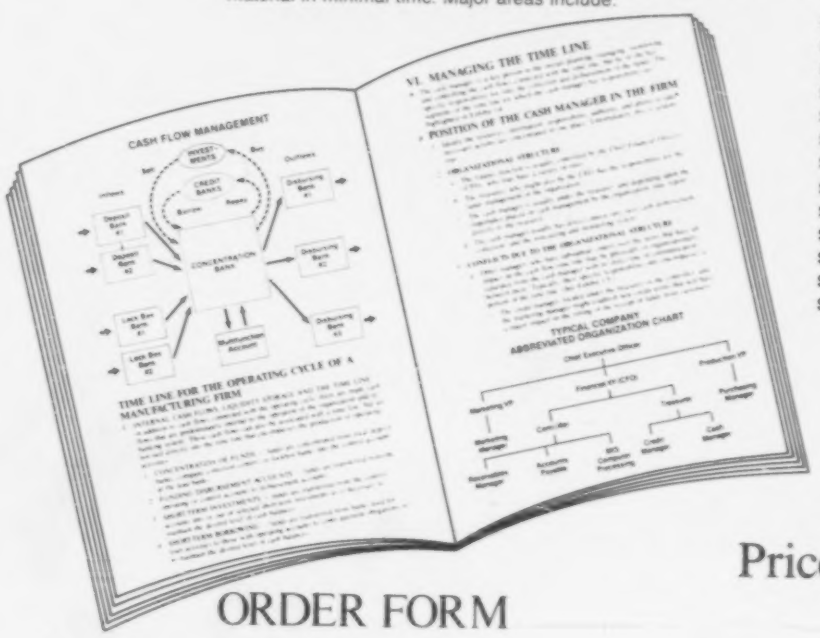

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It can access all DBL equity valuation data bases, Compustat, ValueLine, I/B/E/S and Zacks Consensus Earnings Database. It runs on the IBM PC, XT and AT and compatibles. Robert E. Butman, senior quantitative analyst, is the client contact.

DATADISC/Economic

Cambridge Planning
55 Wheeler St., Cambridge, Mass. 02138; (617) 576-6465

The data base, released in 1984, covers 168 economic time series back to 1949, including GNP accounts, money, credit, interest rates, income, savings, inflation, costs, final sales, orders, inventories, production, government, defense, labor and international. In addition, it makes projections for the next 36 months.

The software provides data base management of the time series and mathematical processing of data, including regressions. It screens and prints graphs.

The data base comes in monthly diskettes and will run on the IBM PC, XT, AT and compatibles. A year's subscription costs $795. Edward Hudson, president, is the client contact.

DATAPATH

ADP Network Services
175 Jackson Plaza, Ann Arbor, Mich. 48106; (313) 769-6800

DATAPATH, introduced in 1983, is a data-access software package designed for use with Lotus 1-2-3 and the IBM PC. The product allows the user to link with ADP's central computing system, which houses financial, investment and economic data bases — both public and proprietary — and then download to 1-2-3.

It runs on the IBM PC, XT, AT and compatibles. List price is $300. Reed Jarrell, product manager-business relations, is the client contact.

DataSheet

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

DataSheet provides access to the firm's data bases, which include stock market and fundamental data for U.S. and international companies. The user can sort by specifications and download to Lotus 1-2-3 or Symphony.

It runs on the IBM PC, XT, AT and compatibles. The cost is $5,000 a year or $500 a month. John Boehmke, product manager, is the client contact.

Dividend Discount Workstation

Zacks Investment Research
2 North Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

The data diskette, introduced in 1985 and which includes the firm's consensus of DDM inputs for 1,000 companies, enables the user to develop and maintain a three-stage dividend discount model and a Conval scenario dependent dividend discount model.

The Conval will increase DDM ICs when the user is able to forecast general slope of the market line.

It runs on the IBM PC and can plug into Valueline Compustat and the firm's data bases. Price is $10,000 a year. Leonard Zacks, president, is the client contact.

DTC Auto-Match System

Sys-Dyn Corp.
125 Morris St., Morristown, N.J. 07960; (201) 538-4600

The product, introduced in 1982, automatically matches the trades that a user has executed with the broker's confirmation, which is delivered using the Depository Trust Co.'s ID System. It provides the firm with next-day trade confirmations, including automatic reconciliation. The product allows users to detect trading errors before the next-day trading begins.

It runs on various microcomputer systems and networks. There are about 20 users and price varies based on application needs. Scott Mele, marketing manager, is the client contact.

e

EASY

Zacks Investment Research
2 North Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

The product, introduced in 1985, consists of weekly diskettes, containing a data base of 3,000 companies with 100 items for each company, and three functions for using the data base — screening, portfolio management and analytical software.

It interfaces with Telement FM, which includes Compustat, ValueLine, Zacks, DRI and Media General data bases, for same-day prices. It can also interface with the portfolio accounting systems offered by Shaw, Nidsport and Advent.

It runs on the IBM PC and can plug into ValueLine Compustat and the firm's data bases. Price is $6,000 a year. There are more than 40 clients. Leonard Zacks, president, is the client contact.

Eight Trade Systems

Micro Futures
P.O. Box 2765, Livonia, Mich. 48154; (313) 422-0914

Eight Trade Systems, developed in 1979, offers eight trade systems designed to give daily signals and historical simulations. It lets the user create a portfolio of contracts and variables used to calculate trade signals, which are printed in a daily report.

The historical simulator routines are best used to "optimize" the trade system parameters. It can automatically test a series of data files using a range of trade parameters. Test reports show each trade, a summary of trades by contract and a summary of all contracts. The summary reports have 14 measures of trade results, including net profit, equity drawdown and percent winning trades. The software is in BASIC and is not copy protected.

List price is $250. About 250 copies have been sold. It runs on the IBM PC, XT and AT, the Apple II and the TRS-80s. Jeffrey A. Miller is the client contact.

EPIC (Equity Portfolio Investment Computing)

Ford Investor Services
11722 Sorrento Valley Road, Suite I, San Diego, Calif. 92121; (619) 755-1327

The EPIC program, introduced in 1980, is a general set of subroutines specifically designed to access and analyze the firm's data base. The program provides users with a variety of screening, sectoring and averaging possibilities, with hard-copy output on demand. The data base file editor allows users to modify their monthly data or add new stock records to the data base. Month-end data is provided to clients in diskette form a few days after the end of each month.

In addition to analysis capabilities, users receive complete access to key analysis variables generated by the firm, including quality ratings, projected growth rates, normalized earnings, intrinsic values and earnings trends.

It runs on the IBM PC and XT and Apple II. Price is $120 month, and includes the data base. David C. Morse, general manager, is the client contact.

f

FISTS — Fixed Income Security Trading System

Bond-Tech Inc.
P.O. Box 192, Englewood, Ohio 45322; (513) 836-3991

FISTS, introduced in 1985, integrates fixed-income security analysis and data base management for notes, bonds, money markets, mortgages and financial futures. It computes a number of measures of value, relative value and risk, including price, yield, yield equivalents, modified duration and dollar extensions. Reports generated include yield curves, price/yield range tables, arbitrage matrices and quote sheets. It incorporates a batch processing option for report generation.

It runs on the IBM PC, XT, AT and compatibles; Compaq; and AT&T 6300. List price is $1,250. Roger A. Cox, president, is the client contact.

Pensions & Investment Age will review the year and look ahead to 1986 in the Dec. 23 issue.

The Fixed Income Portfolio Manager

Technical Data Corp.
330 Congress St., Boston, Mass. 02210; (617) 482-3341

The Fixed Income Portolio Manager, introduced in 1983, is a comprehensive information system for the manager of single or multiple fixed-income portfolios. It provides customized reports, summary and distribution statistics, and graphic analysis for investment presentations. All aspects of securities accounting, including five methods of accretion and amortization are supported. In addition, multicurrency portfolios can be handled with security valuation stored in the native currency as well as one common currency.

Performance measurement and cash flow projection modules are also available for use with the program.

It runs on the IBM PC, XT, AT and compatibles. Automatic portfolio pricing is offered in conjunction with ChaseEconometrics/Interactive Data Corp., and the J.J. Kenny Interface, while the Bond Buyer/Lloyd Bush Interface can provide the mortgage pool factor. List price is $3,250. The firm's financial software series has more than 600 clients using multiple products. Robert Huebscher, vice president-financial software division, is the client contact.

Fixed Income Securities Software

Programmed Press
2301 Baylis Ave., Elmont, N.Y. 11003; (516) 775-0933

The product, introduced in 1983, provides 16 interactive programs to forecast and evaluate price, risk and return on fixed-income securities. Among the programs are exponential smoothing for forecasting; value of a T-bill; yields on various T-bills; compound interest; bond yields; high coupon bond book yields; mortgage payments; present value of annuities and/or lump sums; rate of return; and bond yield after taxes.

It can run on all MS-DOS and CPM based operating systems, also IBM, Apple, TRS-80, Commodore 64 and 128, Kaypro and DEC. List price is $119.95. Albert Bookbinder is the client contact.

The Formula

Straightline Systems Inc.
P.O. Box 526, Farmington, Conn. 06034; (203) 677-6822

The Formula, introduced in 1984, calculates and reports time-weighted rates of return (in accordance with the formula prescribed by the Investment Counsel Association of America) for investment portfolios. The returns shown on the summary report are for the past four periods, either monthly or quarterly. It also calculates the annual return for each of the past five years and the compound annual rate of return for the past two to five years.

An audit trail is produced with each report. The detailed report reproduces the audit trail for each period from the first day. It can also prepare comparitive reports.

It runs on IBM microcomputers. List price is $1,200. Seth C. Warner, president, is the client contact.

FUNDGRAF

Parsons Software
118 Woodshire Drive, Parkersburg, W. Va. 26101; (304) 424-5191

FUNDGRAF provides stock or fund analysis that allows graphic and/or numerical comparisons for periods up to 260 weeks. Weekly price action or moving averages for user specified periods can be superimposed for any four funds in the data base. Plots are either linear or semi-log.

The program has a rating feature that generates a strength rating based on price changes for each of four user-specified periods. Signals for buy and sell are generated by either crossover or trend changes in moving averages.

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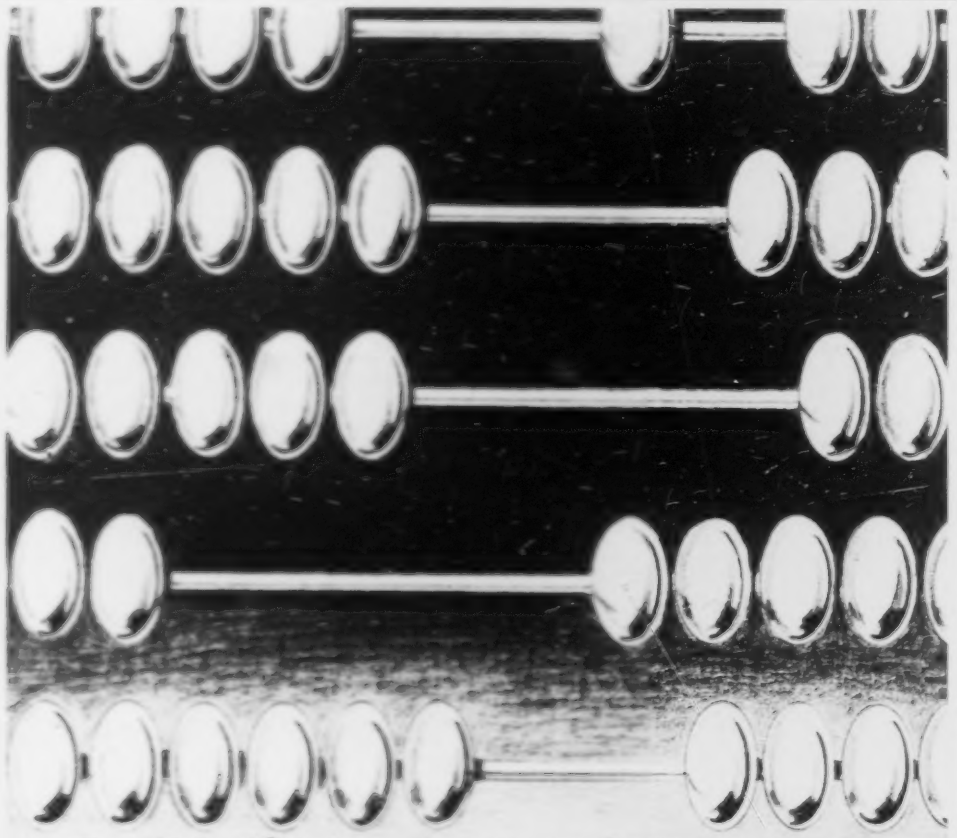

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funds are done by hand. A supplemental program WCSPD, which costs $25, interfaces with the Warner Computer System data base to retrieve historical data and convert it to the FUNDGRAF data disk for use with the program.

It costs $100 for a program disk. A demo disk is available for $10. It runs on the IBM PC, PC jr, XT and compatibles. Ray Parsons is the client contact.

FUNDPAK

Zacks Investment Research
2 North Riverside Plaza, Suite 1900, Chicago, Ill. 60606; (312) 559-9405

FUNDPAK provides 10 years of historical ValueLine/Compustat income statement and balance sheet data on diskettes. The product, introduced in 1985, is menu driven and provides historical spreadsheet construction with 24 standard spreadsheet formats and Lotus interface.

It runs on the IBM PC and can plug into the ValueLine and Compustat data bases. Price is $3,500 a year. Five copies have been sold. Leonard Zacks, president, is the client contact.

i

Impact

Advanced Business Systems Inc.
S-10 Routes 17 and 4, Paramus, N.J. 07652; (201) 845-5666

Impact, introduced in 1982, is an in-house, turnkey, multiuser, investment management, portfolio accounting and performance analysis system. The program offers client reports that may be selected and tailored to individual needs. It allows managers to access all their portfolio data via screens and on-demand reports, while companywide and "composite account" analysis also are available. The "back office" has a high level of operational and administrative support from the program, including "as of" statements, full client invoicing, account receivable and open order systems. Its fully integrated performance analysis system provides sector performance for any time period, including income and capital gains returns.

The system runs on the Alpha Micro, and the IBM AT and XT. It has the capacity to plug into data bases offered by IDSI, TEC and other other securities/company data base. The list price is $19,500. Twelve installations have been made. The client contacts are Nigel Wilson and John McIlwain.

InfoCash MicroStation Investment/Manager

The Chase Manhattan Bank
195 Broadway, 16th Floor, New York, N.Y. 10007; (212) 669-5906

The product, introduced in 1984, is a tool for trading money market instruments and long-term fixed-income securities. It provides instant calculations of principal, interest and effective yields for all actively traded securities. It also calculates average weighted yields and maturities, average daily balances, total outstanding balances as well as the day-to-day required reporting such as maturity schedules.

Reports are designed by the user. The daily market valuation will automatically dial and communicate with the Interactive Data Corp.'s Money Market Data Base to retrieve current yields and prices for the investment portfolios. That data is then used to automatically calculate current effective yields as well as realized and unrealized gains and losses.

It runs on the IBM PC, XT and AT and Compaq. List price is $10,000. The firm also leases the product for $350 a month. There are approximately 75 users. Joann Giaramita, second vice president, is the client contact.

A directory of investment management consultants will appear in the Nov. 25 issue of *Pensions & Investment Age*.

Info Graph

Info Globe
444 Front St. West, Toronto, Ontario M5V 2S9; (416) 585-5250

Info Graph, introduced in 1985, provides the user with automatic access to historical trading data on stocks that are traded on the New York, American, Toronto, Vancouver, Alberta and Montreal exchanges. Stock history is available for periods of 196 days or 196 weeks. Built-in communications automatically update the user's portfolio disk. Ten different analysis charts, including point and figure, velocity index and price filter and trend are available. There is a choice between logarithmic or linear graphs. The Info Graph is capable of adjusting stock data for stock splits.

The software will run on the IBM PC and compatibles. The program has the capacity to plug into Marketscan.

The list price is $299 (Canadian), which includes 2 hours' access time and membership to the data base. John McNamara is the client contact.

Integrated Resources for Investment Solutions (IRIS)

Frank Russell Co.
P.O. Box 1616, Tacoma, Wash. 98401; (206) 572-9500

IRIS, introduced in 1984, assists in developing and analyzing investment strategies; monitoring positions; comparing performance to universes, indexes and other portfolios; and allocating funds among asset classes. It includes a data base covering more than 3,000 stocks, various Frank Russell performance universes and market indexes.

The system provides an open environment allowing each organization to include other data and software products as necessary. Portions of the system are available separately.

It runs on the IBM PC, XT, AT and compatibles. It can plug into Dow Jones News Retrieval and data bases offered by Drexel Burnham Lambert and selected trust accounting systems. List price for the product ranges from $10,000 to $30,000 in soft dollars, annually. There are more than 40 clients. Bill Keonig, vice president and production manager, is the client contact.

INVEST

Miracle Computing
313 Clayton Court, Lawrence, Kan. 66044; (913) 843-5863

INVEST, introduced in 1982, is a portfolio management and reporting system specifically tailored to bonds, certificates and other securities, including T-Bills and banker's overnight deposits. The program provides various menus allowing the user to enter purchases, repurchases, interest collections and sales. Each portfolio may contain up to 600 securities. Daily accrual, compounding, discount/premium amortization and maturity tracking may be done. A detail transaction history is kept for complete historical tracking and analysis.

It runs on the IBM PC, XT, and AT microcomputers. List price is $250. Approximately 80 copies have been sold. Richard E. Elliott, president, is the client contact.

Investment Manager

Integrated Decision Systems Inc.
2100 S. Sawtelle, Suite 107, Los Angeles, Calif. 90025; (213) 478-4015

Investment Manager, introduced in 1982, is a completely integrated, trade data-based portfolio management and accounting system that runs on single- and multiuser computers. It allows the user to input, save, display, change, delete and print all client transactions, portfolio holdings and cash balances. Account portfolio holdings always reflect the most recent transactions entered by the user.

Other features include auto dividend and interest posting; DTC and block trading modules; automatic grouping and printing of management and client reports at night or in the background; auto FIFO and individual tax lot selling; and daily valuation of all

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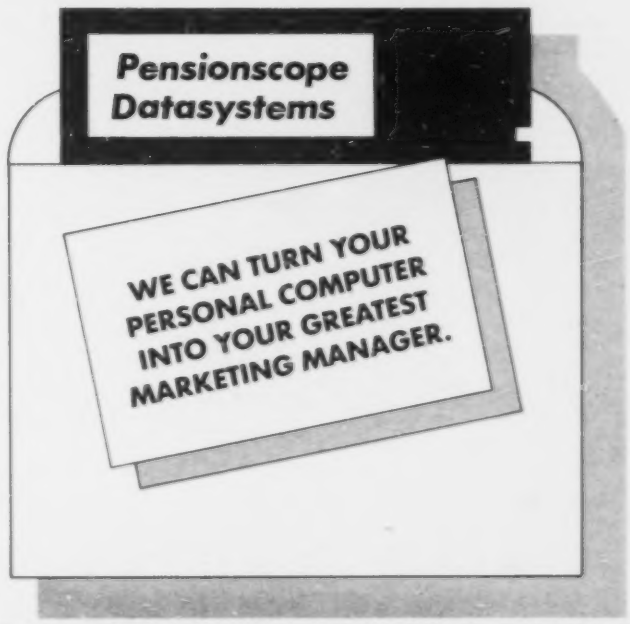

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accounts and full performance evaluation and comparison to indexes.

It runs on the IBM XT, AT and Altos 186, 486, 586 and 986. The system is hard disk-based. The program has the capacity to plug into Compuserve data bases and DTC.

The list price ranges from $5,000 to $25,000; approximately 40 copies have been sold. Arthur E. Gooding is the client contact.

Investment Counsellor

American Financial Systems Inc.
17 Haverford Station Road, Haverford, Pa. 19041; (215) 896-8780

The product is a portfolio management system offering investment accounting, performance evaluation, client billing and research. The software is linked to Lotus 1-2-3, the Signal quote data base from Lotus Development Corp., and word processing. The Lotus 1-2-3 link may be used in conjunction with Drexel Burnham's DAIS-Link or Isys' MicroScan for fundamental securities analysis.

Investment accounting includes automatic dividend and interest posting, account appraisals, security cross references, schedule of capital gains and economic sector and industry diversification report.

Performance evaluation includes time weighting and measurement of performance by asset vehicle, which can be compared against appropriate indexes.

The program can plug into the following data bases: IDSI from Interactive Data; Warner Computer Systems; Dow Jones; and DBL's DAIS-Link.

It runs on the IBM XT, AT and compatibles and the Wang PC. List price is $500 per month. Stephen V. Buerkle, president, is the client contact.

Investment-Oriented Statistical Software

Programmed Press
2301 Baylis Ave., Elmont, N.Y. 11003; (516) 775-0933

The product, introduced in 1983, provides 50 interactive programs: 20 solve statistical problems and 30 aid investment decisions. The statistical programs are for types of averages, measures of variation, moving averages, exponential smoothing for forecasting, seasonal variation, secular trend, growth rates and projections, time series decomposition, multiple correlation and regression.

The investment decision programs apply to the evaluation of price, risk return in foreign exchange, stocks, bonds, options and futures and strategies for using them.

It can run on IBM, Apple, TRS-80, Commodore 64 and 128, Kaypro and DEC microcomputers. List price is $119.95. Approximately 4,000 copies have been sold. Albert Bookbinder is the client contact.

Investment Software Super Package

Programmed Press
2301 Baylis Ave., Elmont, N.Y. 11003; (516) 775-0933

The product, introduced in 1983, is an interactive software package for statistical forecasting on the securities exchanges — equity, fixed income, options, futures and foreign. It comes with a handbook, which provides the BASIC source codes and background discussions to facilitate understanding of the concepts and applications. Each program listing is followed by a sample "run" illustration.

It can run IBM, Apple, TRS-80, Commodore 64 and 128, Kaypro and DEC microcomputers. List price is $119.95. Approximately 4,000 copies have been sold. Albert Bookbinder is the client contact.

Investor III

Good Software Corp.
12900 Preston Road, Suite 600, Dallas, Texas 75230; (214) 239-6085

Investor III, introduced in 1983, is a real estate analysis package for evaluating the investment potential of properties, from a small rental property to a multimillion-dollar office complex. Investor III calculates pro forma cash flows, property appreciation, key financial ratios and before- and after-tax yields. In addition, Investor III provides a thorough financial analysis of the purchase, operation and sale of the potential real estate investment.

It runs on the IBM PC, AT; Tandy 1000, 1200 and 2000; COMPAQ; TI Professional; and Apple II series. The list price is $249; approximately 1,500 copies have been sold. Bill Kershaw is the client contact.

Investment Counsellor

Cambridge Research Services Inc.
50 Church St., Box 2605, Cambridge, Mass. 02238; (617) 491-6221

The Investment Counsellor, introduced in 1984, provides accounting, client reporting, performance measurement and serves as a research link to Micro/Scan data bases. It also has a daily price link to Dow Jones.

The product runs on the IBM XT and AT. Approximately 30 copies have been sold. The list price is $500 per month. Walter Campbell, managing director, is the client contact.

m

Magnum Research System

Micro Futures
P.O. Box 2765, Livonia, Mich. 48154; (313) 422-0914

The Magnum Research System, introduced in 1980, comes with 22 individual trade systems. The user also can create trade systems to be used within the program. The system, developed by Management Services Inc., allows the user to research and test a wide variety of trade systems to find those systems that best serve the user's investment requirements. The software is in BASIC and is not copy protected.

List price is $595. Approximately 100 copies have been sold. It runs on the IBM PC, XT and AT, the Apple II and the TRS-80s. Jeffrey A. Miller is the client contact.

MICROANALYTICS

The Boston Co.
One Boston Place, Boston, Mass. 02106; (617) 722-7000

MICROANALYTICS, introduced in 1983, is a fully integrated system of personal computer software and investment data designed for investment managers and pension officers. It provides key investment functions in one integrated package including screening, portfolio analysis, portfolio appraisal, charting, asset mix optimization and performance analysis. The product also offers timely stock and bond data from the firm's universe of securities — 6,000 equities, 30,000 bonds — and is linked to The Boston Company Center, allowing daily price updates and use of large computer and data bases. MICROANALYTICS is customized, enabling users to select securities information to meet individual needs.

In addition, the product is designed to aid pension fund sponsors using multiple managers to "manage the managers." As managers report their activities to the sponsor, that data can be inputted into the program, allowing the sponsor to do performance measurement and performance analysis for each manager, as well as keeping the sponsor appraised of the positions it holds through its managers.

It runs on the IBM XT and AT and Compaq Plus. The software program has the capacity to plug into such data bases as Compustat, IBES and The Boston Co. Analytical Data Base.

The list price runs from $15,000 to $40,000. Michael A. Jones, product marketing manager, is the client contact.

Micro Benefits Administrator

TrustMark Inc.
2432 N. Sharon Amity Road, Charlotte, N.C. 28205; (704) 568-9289

MBA, introduced in 1984, performs all the record-keeping functions required to administer all types of defined contribution plans. A compliance module performs top-heavy testing, 401(k) violation checking and 415 monitoring. The 401(k) module also supports projections and contribution annualizations. Up to 25 investment options can be accounted for in terms of either dollars or stock accounting.

The product features a full screen text editor and a generalized report writer, which can prepare special reports and customized statements.

List price is $9,500. Approximately 85 systems have been sold. It runs on the IBM PC, XT and AT. Jack Kaul, senior marketing representative, is the client contact.

Micropost 1

The Financial Post Corp. Service Group
777 Bay St., Toronto, Ontario M5W 1A7; (416) 596-5585

Micropost 1, introduced in 1983, is a software program with a monthly data base containing 52 variables on more than 360 Canadian public companies. It allows the user to screen those companies on criteria set by the user and produce full analytical reports on the companies selected. It can be used with popular spreadsheets.

It runs on the IBM PC and XT, and the Apple II+, IIe and III.

Micropost 1 is enhanced by the Financial Post Corporate data base and can be transferred to VisiCalc, Lotus 1-2-3 and Multi-Plan.

List price is $4,400 (Canadian). Approximately 15 units have been sold. Allison Surrey, marketing supervisor, is the client contact.

Micro/Scan (New England)

Cambridge Research Services Inc.
50 Church St., Box 2605, Cambridge, Mass. 02238; (617) 491-6221

Micro/Scan provides data base screening of Compustat, Value Line, I/B/E/S, Ford, Disclosure and IDSI Bond Data. It also provides portfolio analysis, report writing, statistics and multiple date base report writing.

The product runs on the IBM XT and AT. The list price runs from $10,000 to $25,000. A demo disk is available for $25. More than 200 copies have been sold. Walter Campbell, managing director, is the client contact.

Microshare Thrift/401(k)

Trilog Inc.
1700 Market St., Philadelphia, Pa. 19103; (215) 564-3404

The product, introduced in 1984, provides professional participant record keeping for defined contribution. It performs all required government tests for 401(k) discriminations, top heavy and 415 tests. It maintains separate accounting for pre- and post-tax employer contributions. All tax calculations are performed on distribution and 1099R W2P printed. It prints S498s on request. It covers multiple investment options, variable vesting schedules, taxable/pretaxed contributions, full tax tables and accepts contribution data from downloaded mainframe files.

It runs on the IBM PC, XT and AT. List price is $7,000, plus $200 a month. There are 50 copies sold. The client contact is Marcia L. Hoover, vice president.

Micro Trustee

Hamilton, Johnston & Co. Inc.
52 Vanderbilt Ave., New York, N.Y. 10017; (212) 682-8680

Micro Trustee, introduced in 1982, is a system for professional portfolio accounting, reporting and performance measurement. It duplicates typical master trustee reports on demand at reduced costs. Reports include asset list, transaction statement, largest holdings, source and use of funds, audit trail, capital gain/loss, cash and accrued income, economic sector weightings, broker commissions, investment performance and asset mix.

The system will run on the IBM PC and XT. In addition to the firm's YARDSTICK data base, the system can access data bases offered by Compuserve and DTC. It is available on a sevice bureau basis. The client contact is Richard C. Egbert.

Merrill Lynch Equity Screen

Merrill Lynch
165 Broadway, New York, N.Y. 10080; (212) 637-7384

Merrill Lynch Equity Screen, introduced in 1983, is an investment research software system with a data base containing more than 100 variables on more than 1,400 companies. Capabilities include stock screening, reporting, statistical, graphics (regression/scatter plot) and portfolio analysis functions. User-defined data base items can be generated.

It runs on the IBM PC, XT, AT and compatibles. Direct links to Lotus 1-2-3 and Symphony and VisiCalc are available, including Lotus/Symphony utility software.

The list price is $4,000 annually (hard dollars); soft-dollar payment is accepted. Approximately 200 copies have been sold.

Jack Roehrig, vice president, is the client contact.

Money Market Directory Pre-programmed Floppy Disk

Money Market Directories Inc.
P.O. Box 1608, Charlottesville, Va. 22902; (800) 446-2810 or (804) 977-1450

The product, introduced in 1984, provides information on the pension fund market. Investment managers may select from the firm's data base of funds on the basis of geographic location, assets, portfolio mix and other variables. In addition to lists, labels and magnetic tape, the software provides automatic printing, built-in note blocks, a built-in tickler file system, automatic editing and reindexing of information. It also has the facility to create data files that can be used by many popular word processing programs.

It runs on the IBM PC, XT, AT and compatibles. List price is $275. Approximately 200 units have been sold. Donna M. Perkins, product manager, is the client contact.

Multiple Bond Calculator

Bond-Tech Inc.
P.O. Box 192, Englewood, Ohio 45322; (513) 836-3991

The product, introduced in 1983, incorporates a data base for automated security inputting. It computes price, yield, yield equivalents, modified duration and dollar extensions; it generates yield curve and price yield range tables.

It runs on the IBM PC and compatibles and the Apple II series. List price is $312.50.

Roger A. Cox, president, is the client contact.

A special section — Defined contribution plans: The wave of the future? — will appear in the Nov. 11 issue of *Pensions & Investment Age*.

THANKS A MILLION FOR 1,114,862 SQ. FT.

In the last 18 months, Zane May Interests, purchasers of institutional quality industrial, office and retail property, has acquired over 1 million square feet of prime space from the fine companies listed below.

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And we'd just like to say thanks for everything.
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n

NIDSFUND

National Investor Data Services Inc.
33 Rector St., New York, N.Y. 10006;
(212) 514-6100

NIDSFUND, introduced in 1980, is an enhanced version of NIDSPORT-II, in which full mutual fund accounting capability is featured. In addition to accounting and manager reports and analysis, NIDSFUND provides a general ledger linked to the portfolio(s) in which a single entry provides the update in portfolio and general ledger subsystems automatically.

All reporting and record keeping requirements of the S.E.C. and auditing firms are provided. Automated pricing interfaces are available. Daily net asset value is the result of daily processing; the reports are available on demand. Special licensing arrangements may be made for banks that provide service bureau services to fund groups.

It will run with the IBM AT and the DG/10/20. The program has the capacity to plug into data bases by Bridge Data Co., J.J. Kenny Information Services Inc. and InterActive Data Services. The list price is $96 and higher for paid-up license and $1,200 per month rental. There are about 12 users. Denis J. Dwyer, vice president, is the client contact.

NIDSPORT-II

National Investor Data Services Inc.
33 Rector St., New York, N.Y. 10006;
(212) 514-6100

NIDSPORT-II, introduced in 1979, is a real-time portfolio management system for professional investment management organizations. The system is licensed on either a monthly rental or paid-up basis, as a turnkey system. It provides many features for the manager, administrators and overall firm management. The data base provides for an unlimited number of years of historical data, real-time updating, as-of reporting, investment analysis, performance measurement, modeling, portfolio accounting and a variety of client and management reports.

NIDSPORT-II may be integrated with other office automation products — word processing, spreadsheets, graphics, independent data bases, report writers and communications software. Emphasis is placed on flexibility for reports and screen displays. All equity, options and fixed-income securities are efficiently processed by the system.

The system is designed for a single user or multi-user organizations.

It will run with the IBM AT and the DG/10/20. The software program can plug into data bases offered by the Frank Russell Co. (IRIS), Technical Data, Zacks and ISYS. The list price starts at $960 per month rental and $72,000 paid. There are about 90 clients. Denis J. Dwyer, vice president, is the client contact.

Optamix

Buck Pension Fund Services Inc.
2 Pennsylvania Plaza, New York, N.Y.
10121; (212) 279-4400

Optamix, introduced in 1983, is a system designed to analyze the effects of asset allocation on an investment portfolio. It constructs an efficient frontier, subject to constraints imposed by the user. It also calculates expected returns and standard deviations for specific portfolios, confidence intervals and probabilities of achieving objectives.

The system provides capital market assumptions or the user can input their own assumptions. Firm officials say the menu-driven system has excellent graphics capabilities.

It runs on IBM and Compaq microcomputers. List price is $7,500. Philip Lenowsky is the client contact.

p

PC-PMIS (Portfolio Management and Information System)

Ceti Data Corp.
121 Richmond St. West, Suite 500,
Toronto, Ontaio M5H 2K1; (416)
366-6526

PC-PMIS, introduced in 1982, is a portfolio accounting and management system designed to store, order and display portfolio records. Available reports inciude valuations, holdings, audit trail, maturity schedule, income schedule, cash forecaster, brokerage summary, confirmations and transaction settlement reports. Features include multicurrency reporting, portfolio merging, on-line pricing interface and bond and mortgage amortization capability.

It runs on IBM micros and compatibles and has the capacity to plug into Ceti Data Corp data base and Instadat. List price is $15,000. Eighteen systems have been sold. Ian Jarvis, marketing manager, is the client contact.

PC SCREEN

Interactive Data Corp.
303 Wyman St., Waltham, Mass.
02154; (617) 895-4300

PC SCREEN provides access to the firms financial data bases, and allows the user to screen more than 350 annual, quarterly, monthly and daily items. Historical data goes back as far as 20 years, 40 quarters and 150 months, with pricing data back to 1968. Technical data is updated daily; fundamental data, weekly.

The user can download to Lotus 1-2-3 or Symphony.

It runs on the IBM PC, XT, AT and compatibles. In addition to the firm's data bases, it can plug into Compustat. The firm charges $15,000 a year or $1,500 a month. Additional sites are half price.

David Culbertson, product manager, is the client contact.

PEP (Performance Evaluation Program)

Callan Associates
859 Harrison St., San Francisco,
Calif. 94017; (415) 974-5060

PEP, introduced in 1985, is designed to maintain data base of quarterly rates of return for 500 asset categories for up to 30 years. It can generate historical risk/return statistics, compare past performance and project performance. It provides tabular and graphic output.

It can be integrated with other Callan software packages.

It runs on the IBM PC and compatibles. List price is $3,000 a year. There are 12 clients.

Lou Kingsland, senior vice president, is the client contact.

The Permanent Portfolio Analyzer

C.R. Hunter & Associates Inc.
1527 Northwood Drive, Cincinnati,
Ohio 45237; (513) 761-9322

The Permanent Portfolio Analyzer, introduced in 1982, is an investment/financial/planning package. It helps the user create a "permanent" portfolio that is balanced for the long term — one that offers capital preservation and appreciation — no matter what course the overall economy takes.

The program provides the framework for designing such a portfolio, as well as the tools for tracking and analyzing it in inflation scenarios. Nineteen investment categories are incorporated in the program, including stocks and bonds, precious metals, currency, Treasury securities, real estate, collectibles, debts.

The Permanent Portfolio Analyzer is built around a certain set of assumptions about inflation rates and future investment prices, yet the user can set up hypothetical portfolios and base investment decisions on a greater wealth of

simulated experience.

It runs on the IBM PC XT, AT and PCjr and the Apple II+, IIe, III. The list price is $295. Approximately 150 units have been sold. Carol Hunter, president, is the client contact.

PFROI Portfolio Software

Techserve Inc.
P.O. Box 70056, Bellevue, Wash. 98007; (206) 747-5598

PFROI, introduced this year, provides portfolio management with emphasis on portfolio and individual security return on investment before and after taxes, using user-specified tax rates. Capital gains, interest and dividend reports additionally aid in tax planning and preparation.

It handles all typical transactions, including buys, sells, short sales, covers, splits, dividends, interest, capital gains distributions, deposits and withdrawals, for most investment vehicles.

It runs on the IBM PC, XT, AT, jr and compatibles. List price is now $49.95; $69.95 after December. More than 100 units have been sold. Robert N. Hobbs, vice president, is the client contact.

Portfolio Management System

George K. Darling & Associates Inc.
451 Andover St., Suite 209, North Andover, Mass. 01845; (617) 794-0212

Portfolio Management System, introduced in 1985, is an investment securities accounting and management reporting system. The product eliminates maintenance of manual records and provides a full array of accounting and portfolio management reports. It calculates interest, amortization and accretion for each issue.

It also maintains reporting on Standard & Poor's and Moody's ratings. It can perform market pricing via communications link to national financial networks. The data base is available on diskette and can be used on the IBM AT, XT and XT compatibles.

Price is $8,000. Lori Teske, director of marketing, is the client contact.

Portfolio Performance Evaluator

Access Dynamics
P.O. Box 586, 53 Main St., Concord, Mass. 01742; (617) 369-3742

The product, introduced in 1983, analyzes the performance of investment funds, and produces tables and graphs for presentation. It calculates returns for segments of funds, total funds and indices and evaluates the performance of a fund or a segment of the a through comparisons to appropriate indices.

It produces asset growth table, fund vs. index table, unit values table, cumulative rate of return bar graph, rate of return bar graph, dollar growth bar graph, rate of return line graph and dollar growth comparison line graph.

It runs on IBM PC and compatibles. List price is $295; demonstration disk is $25, which is applicable toward purchase of product. Helga B. Lilley, vice president, is the client contact.

PORTVUE

Security APL Inc.
900 Third Ave., New York, N.Y. 10022; (212) 223-3350

PORTVUE, introduced in 1978, provides on-line, real time portfolio management and performance measurement. It permits analysis from a firmwide perspective. The product's "what if" capabilities allow managers to project investment strategy across selected accounts and gauge the consequences on a pro-forma basis. Customization in easily implemented in APL, the firm's "fourth generation" development language.

It runs on The IBM, WYSE, DEC and TAB. James K. Waller, marketing director, is the client contact.

The Professional Portfolio

Aovent Software Inc.
512 Second St., San Francisco, Calif. 94107; (415) 543-7696

The product, introduced in 1983, performs portfolio accounting, reporting, billing and performance measurement on a current and historic basis. It contains a flexible report generator.

The software handles a wide range of securities, allows for multiple managers, automatic pricing, "what-if" analysis and extensive reporting capabilities.

List price is $5,200. More than 200 systems have been sold. It runs on the IBM XT, AT and compatibles. It can plug into data bases offered by Interactive Data, Warner Computer and PC Quote. Suzanne Simmons, sales manager, is the client contact.

PSQUARE (Pension Projection Model)

Callan Associates
859 Harrison St., San Francisco, Calif. 94107; (415) 974-5060

PSQUARE, introduced in 1984, runs simulations and projections of pension fund demographics, assets, liabilities and funding requirements. It tests effects of variations in investment risk and return, inflation, benefit improvements and work force growth. It provides tabular and graphic output.

It can be integrated with other Callan software packages.

It runs on the IBM PC and compatibles. List price is $9,000 a year. Twenty copies have been sold. Lou Kingsland, senior vice president, is the client contact.

q

Quant IX Portfolio Evaluator

Quant IX Software
5900 N. Port Washington Road, 146-A, Milwaukee, Wis. 53217; (414) 961-1991

The product, just released, is a total portfolio management package based on objective quantitative analysis techniques. It provides five quantitative models to value securities. It also provides a cash flow analysis model.

The program, which can monitor multiple portfolios, uses a diversification index to help manage risk. Other features include "what if" capabilities, security cross reference and total portfolio accounting, including a tax basis report showing each individual security lot. It can generate nine client presentable reports.

It runs on the IBM PC, XT, AT and compatibles. List price is $295 complete; $5 manual only. Peter Willms, Patrick Willms and James Grossman, are the client contacts.

r

The Rate of Return Analyzer

Technical Data Corp.
330 Congress St., Boston, Mass. 02210; (617) 482-3341

The Rate of Return Analyzer, introduced in 1983, determines the optimum maturity for an investment and analyzes the impact of interest rate projections on a portfolio. Shifts in the yield curve can be evaluated, allowing portfolio managers to make strategic investment decisions. Performance under varying market conditions can be compared to the rate of return earned by a benchmark portfolio.

It runs on the IBM PC, XT, AT and compatibles. List price is $1,900. The firm's financial software series has more than 600 clients using multiple products. Robert Huebscher, vice president-financial software division, is the client contact.

Rory Tycoon Portfolio Manager — Advanced Version

Coherent Software Systems
771 Anthony Road, Portsmouth, R.I. 02871; (401) 683-3781 and (213) 396-2809

The program, introduced in 1985, requires Lotus 1-2-3. It handles 13 types of investment vehicles: stocks, options, cash, CDs, bonds, zeros, convertibles, mutual funds, commodity futures, IRA and retirement plans, employee benefit plans, rare coins, and precious metals.

It calculates profit/loss, return, current yield, yield to maturity, life, accrued coupon value, bond amortization, short sale obligations, margin value, portfolio distribution, quality ratings, analysis of conversion and investment value for convertibles. It tracks call, expiration and dividend dates. Calculations are designed specifically for each type of investment and displayed by lot, type and the portfolio as a whole. The product has 14 printed report formats.

It runs on the IBM PC and compatibles. List price is $99.95. Approximately 500 copies have been sold. Meg Henderson and Judy Edge, directors, are the client contacts.

S

Savant Investor Series

Savant Corp.
P.O. Box 440278, Houston, Texas 77244; (713) 556-8363

The integrated program offers several modules, including the Fundamental Investor, introduced in 1985, and the Technical Investor, which was introduced in 1983.

The Fundamental Investor module contains fundamental analysis, communications and data base programs. The data base allows the user to store more than 35 parameters on 2,000 securities per floppy disk, or more information on fewer securities. Data can be entered and edited manually, or automatically by modem.

The analysis program allows screening of all securities in the data base greater than, less than, or equal to each parameter; sorting of stocks on a single parameter (before or after screening); calculation of financial ratios from basic financial information (using spreadsheetlike functions); and sorting of stocks on the weighted average of a group of parameters.

The Technical Investor contains charting, communications and technical data base programs. The data base stores a year of daily high, close, low, volume information for 100 stocks (per double-sided disks), 40 years for two stocks, or anything in between. The charting program allows one to four plot windows, each independently controlled.

Plotting capabilities include price and volume bars; high, low and close price lines; point and figure charts; positive/negative volume indicators; on balance volume; moving and exponential averages; regression lines; and relative strength.

In addition, Savant offers The Technical Databridge, which allows users of The Technical Investor to transfer data to Lotus 1-2-3, SuperCalc or other spreadsheet programs for complex user-defined calculations.

The Savant series runs on the IBM PC, XT, AT and compatibles. List price for either system is $395. A. Williamson is the client contact.

SD-2 Portfolio Accounting System

Portfolio Systems Inc.
21 Headley Road, Morristown, N.J. 07960; (201) 538-4602

The SD-2 investment management support system, introduced in 1979, is designed to provide complete portfolio record keeping for firms managing professional investment portfolios. The system provides all required administrative, regulatory, management and client reporting requirements. It also includes the ability to transfer data to Lotus 1-2-3 for custom reporting requirements.

It can run on various computer systems and networks. The program can plug into any data base available using standard teletype emulation protocol. Scott Mele, marketing manager, is the client contact.

Statistical Software Package

Programmed Press
2301 Baylis Ave., Elmont, N.Y. 11003; (516) 775-0933

The program, introduced in 1983, provides 20 interactive statistical programs for analysis and forecasting. They are: arithmetic mean; median; geometric mean; harmonic mean; standard deviation; mean deviation, coefficient of variation; range coefficient; moving average; exponential moving average; exponential smoothing for forecasting; secular trend and projections; growth rate and projections; monthly seasonal index; quarterly seasonal; monthly link relatives; quaterly links; time series decomposition; quarterly time series decomposition; and multiple correlation and regression.

It can run on all MS-DOS and CPM-based operating systems, including IBM, Apple, TRS-80, Commodore 64 and 128, Kaypro and DEC. List price is $119.95. Approximately 4,000 copies have been sold. Albert Bookbinder is the client contact.

Stock Charting

Diamond Head Software
841 Bishop St., Suite 1618, Honolulu, Hawaii 96813; (808) 537-4972

Stock Charting, introduced in 1982, is a technical analysis package that provides the investor with a price-bar and volume-bar chart. It can store 290 data points. If stored daily, that equates to 14 months; if weekly, a little over five years. For each time period, it can compute and plot a moving average. The program can access the Warner Computer System data base and automatically retreive the necessary data to construct the charts.

Other manipulation of data it can perform from the main menu includes deleting a stock, scaling the data on file for splits and accessing the Warner data base for information other than simply adding a stock.

Each diskette will hold 290 data points for 28 securities. It runs on the IBM PC, XT, AT and the PCjr.

List price is $69.95. About 680 copies have been sold. Ernie Harris, president, is the client contact.

Stockcraft

Decision Economics Inc.
14 Old Farm Road, Cedar Knolls, N.J. 07927; (201) 539-6889

The program, introduced in 1982, offers portfolio management, technical analysis and optimized trading strategy. Portfolio management allows the user to generate profit and loss statements on a portfolio and to compare a portfolio vs. the stock market.

The technical analysis aspect of the program generates buy and sell signals using moving averages and pattern analysis using hi-resolution stock plots. For optimized trading strategy, the program determines the maximum rate of return, evaluates trading strategies and validate market advisories. The product can interface with Visicalc.

It runs on the Apple II+, IIe, IIc and III. List price is $118. Approximately 400 copies have been sold. David Wallace is the client contact.

The Stock Manager

Omni Software Systems Inc.
146 N. Broad St., Griffith, Ind. 46319; (219) 934-3522

The stock manager, introduced in 1980, is a portfolio management tool, offering accounting and control systems for a securities portfolio. It is designed to do record keeping for the small/medium institution. It can store 25 items for each stock.

It runs on the IBM PC and compatibles. List price is $150. More than 1,200 units have been sold. Joe T. Alonso is the client contact.

Stock Market Software

Programmed Press
2301 Baylis Ave., Elmont, N.Y. 11003; (516) 775-0933

The product, introduced in 1983, offers 17 interactive programs to forecast and evaluate price, return and risk in equity investments.

It can perform moving average; exponential moving average; exponential smoothing for forecasting; secular trend projections; growth rate projections; time series decomposition; quarterly time series decomposition; multiple linear correlation; arbitrage by conversion; reverse conversion arbritage; stock index future value; forecasting Dow Jones Industrial Average; forecasting changes in the Dow; break-even volume and earnings forecast; break-even sales and earnings forecasting; projecting per share earnings growth; p/e; and dividend yield.

It can run on IBM, Apple, TRS-80, Commodore 64 and 128, Kaypro and DEC. List price is $119.95. Approxi-

INVESTMENT POLICY ANALYST

Asset Allocation/Forecasting Software for IBM Personal Computers/Compatibles

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- Pension analyst for major plan sponsor.

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- Senior Vice President of a multi-billion dollar investment advisory firm.

PRICE:
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Irwin Tepper Associates
386 Highland Street • Newton, MA 02160 • 617-244-6747

mately 4,000 copies have been sold. Albert Bookbinder is the contact.

Stock Selection (R.J. Bibbero)

Wiley Professional Software
605 Third Ave., New York, N.Y. 10158; (212) 850-6009

Stock Selection, introduced in 1984, allows investors to analyze the universe of securities and their price histories and select a family of unique portfolios with the best percentage of risk or return. The easily interpreted output shows the stocks' names, dollar weights and the portfolio return given for each level of risk.

Price input may be entered in dollars and cents, eighths, 32nds or a combination. The high-speed calculations performed by Stock Selection make experimental runs quick, allowing investors to pursue options in seconds.

It runs on the IBM PC. The list price is $125. Leslie Bixel, sales manager, is the client contact.

t

Trading System

Sys-Dyn Corp.
125 Morris St., Morristown, N.J. 07960; (201) 538-4600

The Trading System, introduced in 1980, bridges the information processing needs of the portfolio manager, trader and administrative department of investment management firms. The system automatically provides a "what if" capability, allowing the portfolio manager to determine across-portfolio action needs based on "percent of position" or "times average" models. It establishes block trading summary reports for the security trader, and automatically allocates and posts total and partial trade executions to the portfolio accounting system. Also, it automatically creates orders to maintain proper asset distribution within an account.

It runs on various computer systems, and can plug into any data base available using standard teletype emulation protocol. Price varies based on application needs. There are five clients. Scott Mele, marketing manager, is the client contact.

V

VALUEMASTER

Value Line Inc.
711 Third Ave., New York, N.Y. 10017; (212) 687-3965

VALUEMASTER, just introduced, provides nearly instantaneous screening, sorting and report generation from the 1,600-company VALUEMASTER Weekly Data Base. The data base consists of 100 items of data for each company. Included are the firm's proprietary ratings as well as fundamental and performance data. The user may create hundereds of additional data items through combination and manipulation of the data provided. The software permits the saving of screened criteria and stock lists for convenient reuse and review. Data may also be transferred to a spreadsheet file, permitting the user to augment the VALUEMASTER data with information from other sources.

It runs on the IBM PC, XT, AT and compatibles. Price is $8,500 per year. Henry P. Geffroy, institutional sales, is the client contact.

VESTAR

Vestek Systems Inc.
353 Sacramento St., Suite 2100, San Francisco, Calif. 94111; (415) 398-6340

VESTAR, a portfolio management and analysis system introduced in August, provides tools and programs to allow a portfolio manager to tap into multiple data bases and design a custom portfolio management and analysis system.

It includes a portfolio maintenance system to maintain prices, splits and to rebalance portfolio holdings; a portfolio management and analysis system that includes portfolio profiles and portfolio cross-reference programs with report writing capabilities; a data base management system that includes a sorting and screening program and several data base reporting and maintenance programs; Vestalk — a communication program and terminal emulator; and a systems maintenance system that includes the programs required to customize the data bases, reports and menus to fit individual requirements.

The data bases include a 90-day daily price history file, a month-end price history file, a central asset file, an equity master file, a bond master file, a portfolio holdings file, a portfolio transactions file, a split history file and a dividend history file.

The user can integrate data from several data bases, and then use this data base to create portfolio analyses and perform sorting and screening activities.

It runs on the IBM PC, XT, AT and MS Dos compatibles. It can plug into the Vestek Online System and any online data base accessible by a micro, and any micro data base that can be transferred to Lotus 1-2-3, dBaseII or a PRN file. List prices is $10,000 for the first copy, and discounted for additional copies. There are four clients using the system. Sam Campopiano, president, is the client contact.

Vestek Asset Allocation

Vestek Systems Inc.
353 Sacramento St., Suite 2100, San Francisco, Calif. 94111; (415) 398-6340

The Vestek Asset Allocation Program, introduced in 1984, assists in allocating a portfolio optimally among asset classes. It can also be used for international diversification, developing strategies within an asset class or allocating a portfolio among multiple money managers.

Vestek officials say the product differs from other asset allocation programs because it includes forecasts of expected returns for the various capital markets, rather than relying on historical data to serve as inputs.

The program produces the optimal portfolio and/or the efficient frontier. It incorporates user-supplied capital market assumptions, risk profile, actuarial assumptions, transactions costs and investment constraints. The package is menu driven and includes full-screen editing, graphics and several reports.

It runs on the IBM PC, XT, AT and MS DOS compatibles. List price is $5,000 for the first copy, and discounted for additional copies. There are 35 clients using the system. Sam Campopiano, president, is the client contact.

Visible Asset

Independent Software
5260 Crossbow Circle, Suite 3B, Roanoke, Va. 24014; (703) 989-5687

Visible Asset, introduced in 1985, is a professional portfolio and client management system. In addition to maintaining individual portfolio holdings, it generates comprehensive reports on gains, losses and appraisals, income summaries and IRS-approved Schedule D reports. An electronic calendar tracks such items as appointments, product maturities and short-term holdings going long term. Remote data base access gives users the capability of on-line price updating.

The system runs on the IBM PC, XT and AT. The program has the capacity to plug into data bases offered by Warner Computer Systems, Interactive Data Corp. and Dow Jones News/Retrieval. The list price is $1,495 and about 15 units have been sold. William Corrington, president, is the client contact.

W

Wall Street — The Name of the Game

O.C.O. Software Inc.
P.O. Box 1067, Tiburon, Calif. 94920; (415) 435-5031

Wall Street — The Name of the Game is a simulation of the stock market. Three levels of expertise allow all traders to learn about trading in the stock market. Wall Street is designed to bring the user hands-on experience incorporating actual prices and news headlines with the rules and regulations of the exchanges.

Wall Street provides 26 weeks of actual prices and news headlines following 30 stocks on the New York and American exchanges. A reference and game manual is provided.

It runs on the IBM PC and compatibles. The list price is $69.95 and approximately 10,000 copies have been sold. Eric King, marketing director, is the client contact.

Workbase: The Institutional Investor

Cambridge Research Services Inc.
50 Church St., Box 2605, Cambridge, Mass. 02238; (617) 491-6221

Workbase, introduced in 1983, provides graphics and text editing, using economic time series data. The product has extensive statistical capabilities and users can merge Workbase economic data with Micro/Scan company financial data.

It runs on the IBM XT and AT and has the capacity to plug into such data bases as Citibase, Chase Econometrics and various data bases from the Federal Reserve Board, the Bureau of Labor Statistics and others.

The list price is $10,000 and includes data and software. More than 100 copies have been sold. The client contact is Walter Campbell, managing director.

X

XPORT

Interactive Data Corp.
303 Wyman St., Waltham, Mass. 02154; (617) 895-4300

XPORT, is a portfolio and performance measurement system used to manage a portfolio's flow of investment activity and to display the results of that activity in clear, concise reports. The product allows the user to record buys and sells, make updates for capitalization changes, compute long- and short-term gains and losses, price and evaluate holdings and measure performance using both time- and dollar-weighted rates of return. It also lets the users compare returns against any standard index.

It runs on the IBM PC, XT, AT and compatibles. Reed Lowry, product manager, is the client contact.

Continued on page 34

Public pension funds will be examined in-depth in a special section of *Pensions & Investment Age*.

The issue on state and municipal pension funds and their management will appear in the Oct. 28 issue.

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Software opens . . .

Continued from page 15
performance comparison.

In addition, they have constructed their own universe of about 60 managers, considered by Mr. Riddle to be peers of the managers used by the fund, using CDA monthly print reports on mutual funds and banks, and quarterly print reports on investment boutiques.

AssetMax and the funds' programs "really work pretty well together. It gives us a balanced approach to not only analyzing our own performance capability in-house but also our outside managers, which run close to $300 million," Mr. Riddle said.

Furthermore, he believes that by using Callan's products and writing their own programs, Boys' Home fund officials are increasing their expertise in running the funds.

In fact, he foresees the day when Boys' Home does almost three-quarters of the work normally done by consultants.

However, he is quick to point out that maintaining a relationship with a consultant is important, "if only for using them as the eyes and ears of what is going on outside of Boys Town."

Moreover, he observed, "We will probably always have to have a consultant in some respect because of the fiduciary responsibilities, and for the board of trustees who always would like to feel that there is an unbiased observer."

In New York, Ted Babcock, assistant treasurer at Associated Dry Goods Corp., which has $148 million in pension assets, is using Plan Sponsor Network from Berg Fiduciary Consultants, New York, to assist him in doing manager searches and performance comparison.

The Plan Sponsor Network, an on-line data base, has a universe of 400 managers that the firm plans to expand to 800.

Even though overseeing the pension fund is only a small part of Mr. Babcock's responsibilities at Associated Dry Goods, the fund has never used a consultant.

And he found running the plan was taking up more of his time.

"I was sitting here and using up an hour a day meeting and talking to money managers and filing all their information in case the time came for me to make a change," he said.

Upon hearing of Plan Sponsor Network, "I said, 'Here is a way that I can save some time'," he said. "When the time comes, I can do a search on really any kind of method that I select."

Although Associated Dry Goods is not planning any changes, Mr. Babcock and other fund officials went through the universe — just to be prepared — and looked for those managers that had the highest returns during the past five and three years. After generating a list of managers that met both criteria, they looked at investment style to see which of those managers would fit into the fund's portfolio mix.

The data base also allows fund officials to see how their managers are performing against the universe.

"Occasionally, the retirement committee or the board of directors ask a questions like 'I hear it is very difficult these days to beat the S&P 500 but how does this manager, which has a certain kind of style, stand up against his peers'," Mr. Babcock said.

In Ithaca, N.Y., Carl Sgrecci, vice president and treasurer of Ithaca College, had a different problem in mind when he turned to CDA MicroPerformance by CDA Investment Technologies Inc., Silver Spring, Md.

CDA MicroPerformance measures a fund's performance and provides tables and charts allowing the fund to be compared in several ways, including with certain indexes, investment objectives and actuarial rates.

Mr. Sgrecci, who doesn't use a consultant, ran into a problem about a year and a half ago when the fund, which has about $16 million in tax-exempt assets, added a second balanced manager to its lineup.

With one balanced manager handling the entire fund, he had no problem determining how well the manager was performing.

"But when we went to using two balanced managers, I thought we could have a little horse race to see how they were performing, but it didn't work out that way," he said. "There was a lack of consistency. One manager would give us a report for three months, while the other manager is giving a report for four months. I was never getting the same kind of information from the managers at the same time.

"I wanted something to measure the managers' performance under identical circumstances. I thought there has got to be a way to do this, and that's when CDA MicroPerformance came across my desk."

Some of the other products that deal with these areas are MicroAnalytics from the Boston Co., Boston; the Money Manager Computer Directory from the Investment Management Institute, New York; Integrated Resources for Investment Solutions (IRIS) from Frank Russell Co.,Tacoma, Wash.; Micro Trustee from Hamilton, Johnson & Co., New York; Optamix from Buck Pension Fund Services Inc., New York; Compass Portfolio Planning Systems from Morley & Associates Inc., Lake Oswego, Ore.; and (AIM) Asset Investment Management from West Coast Software. ■

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The Yield Calculator
Technical Data Corp.
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The Yield Calculator, introduced in 1981, computes industry standard yield/price calculations. Features include yield computations for odd first coupon securities; range calculations; discounted cash flow yields on sinking fund bonds; calendar information; coupon stripping; and an issue file to save and recall security information.

It runs on the IBM PC, XT, AT and compatibles. List price is $375. The firm's financial software series has more than 600 clients using multiple products. Robert Huebscher is the client contact.

The partnership at work. Dick Fulljames, Treasurer of General Electric Pension Trusts (center), discusses global custody with Dave Mann, Chase NY (left) and Colin Grimsey, Chase London.

Global Network **Foreign Exchange**

Corporate Finance

Domestic issues top 1984 level

By Marci Baker

NEW YORK — Domestically issued corporate financing volume surged ahead of that generated in all of 1984 during the third quarter, while Salomon Brothers Inc. continued to underwrite the greatest share of the market.

Issuers raised just more than $36.6 billion in public offerings in the third quarter, bringing total financing in the United States to $94.6 billion for the nine months ended Sept. 30, according to IDD Information Services Inc. That's well ahead of the $82.2 billion raised domestically for all of last year, and just $2.5 billion short of the record $97.1 billion raised in 1983.

Salomon was lead manager for 22.3% of the nine-month volume, raising $21.1 billion in 197 issues, reported IDD. The firm's domestic dominance, moreover, served to give it the lead in volume generated by U.S. issuers both in the United States and in Europe.

Salomon raised just less than $23 billion for U.S. issuers here and abroad, giving it 20% of the $114.6 billion in volume generated so far this year.

First Boston Corp. placed second both in the domestic and the broader international rankings, capturing 15.2% or $14.4 billion and 15.6% or $17.9 billion of the market, respectively. Goldman, Sachs & Co. and Merrill Lynch Capital Markets followed respectively with 12.9% and 11.3% shares of domestic volume and 13.1% and 9.5% of international volume generated by U.S. issuers.

Drexel Burnham Lambert Inc., which acted as lead manager for 8.5% of the amount raised by issuers in the United States, placed fifth domestically. That spot was filled by Morgan Stanley & Co. in the broader measure. Morgan Stanley underwrote 7.5% of the deals done by U.S. issuers in this country and Europe.

Although Salomon maintained its lead in the United States, First Boston, which operates outside the country through its London affiliate, Credit Suisse First Boston, displayed the greatest underwriting strength overseas.

The firm was lead manager for almost $4.2 billion, or 17.4%, of the $23.9 billion raised by U.S. issuers during the past nine months in the Eurobond market. Salomon, with $3.5 billion or 14.7% of the total, ranked second.

Moreover, First Boston's lead widened when non-U.S. issuers were added to the Eurobond numbers. U.S. and foreign issuers have raised $96.8 billion in the Euromarket during the past nine months. Credit Suisse First Boston acted as lead manager of $16.5 billion or 17% of that, while Salomon underwrote $5.5 billion or 5.7%.

In addition, the investment banker's Euromarket edge put it in front of Salomon for worldwide volume for all issuers.

Continued on page 38

Fight seen on FASB move

Change for finance subs eyed

By Barry B. Burr

In a move expected to bring outcries from such companies as General Electric Co., General Motors Corp. and Ford Motor Co., the Financial Accounting Standards Board is moving ahead with a study that could lead it to require consolidation of finance subsidiaries into corporate financial statements and radically alter balance sheets.

Arthur R. Wyatt, one of the FASB's seven members who promulgate corporate accounting standards, acknowledged such a proposal "would be a major controversial issue," in large part because of the added amount of the financing unit's leverage that would appear on the corporate balance sheet.

The effect of a change on a firm's cost of capital, stock price and credit rating by such firms as Standard & Poor's Corp., Moody's Investors Service Inc. and Duff & Phelps Inc. remains problematic.

S&P would oppose such a rule, while Moody's and Duff & Phelps appear indifferent, according to officials at the companies.

The FASB, based in Stamford, Conn., hasn't made a proposal yet. It expects to release before year end a discussion memorandum — the first step in rule-making — laying out the issues in consolidation and the equity method of accounting for subsidiaries.

Another study expected next year that probably will become part of the consolidation proposal will examine accounting for joint ventures and other off-balance-sheet financing, said R.D. Nair, FASB faculty fellow. Requiring consolidation of such units as joint ventures would further increase the leverage on a parent's balance sheet.

Mr. Wyatt expects the FASB to circulate for comment an exposure draft of the proposed consolidation rule next year and to issue a rule possibly by the end of 1986.

He said, at least in this early stage, he supports in general requiring consolidation of all subsidiaries, including finance units.

"Some companies argue the basis for not consolidating is that they are non-homogeneous organizations," he said. "But if you look at the conglomerates today, they are a group of non-homogeneous entities.

"It's unreasonable to exclude finance subsidiaries."

Mr. Wyatt cited GM as an example. Referring to General Motors Acceptance Corp., Electronic Data Systems Corp. and Hughes Aircraft Co., he asked rhetorically, "To say they would consolidate EDS and Hughes but not GMAC doesn't make sense. Which is more closely related to their car business?"

Most of GMAC's financing is used to support GM activities, he noted, but GM uses the equity method to account for GMAC, while it consolidates its EDS unit. Once GM completes its acquisition of Hughes, it plans to consolidate the aircraft unit.

According to the FASB, most retail and manufacturing companies with financial subsidiaries don't consolidate. For them, such a rule would change significantly the line items in their balance sheets, especially increasing leverage, and income statements. It wouldn't change, however, a corporation's net worth and its net income.

Many companies have non-consolidated financial units that mainly finance parent activities, including International Business Machines Corp., Xerox Corp., Clark Equipment Co. and J.C. Penney Co.

However, a number of major companies consolidate their financial units, including Sears, Roebuck & Co. and Household International Inc.

The proposal, which has lain dormant since it was put on the FASB's agenda in 1982, is the board's first study on the subject. Accountants now use the pre-FASB Accounting Principals Board rule, adopted in 1959. It essentially gives companies that own 50% or more of a subsidiary the option of consolidating or using the equity method.

With the equity method, used by most companies with financial subsidiaries, the parent corporation puts on its balance sheet — under other investments — its net worth, or equity, in the unit. It reports the unit's income likewise as a separate item on its income statement. At the same time, the parent publishes separate financial statements on their financial units.

By consolidating, parents transfer line by line to their balance sheets and income statements their unit's financial reports.

"The practice has gotten to the point that some statements don't reflect the true operations of the economic entity," said G. Michael Crooch, a partner at Arthur Andersen & Co. and chairman of its committee assessing the issue.

He cited Household International, a firm audited by another accounting group, as a model for

Continued on page 40

New issues of corporate securities

September 16 — September 27, 1985

Issue date	Company	Amount ($ mil.)	Type of security	Offering price Debt (%) Share ($)	Gross spread as % offer price	Where traded (to list)	Managers
Debt							
9/26	General Motors Acceptance Corp.	500.00	Note	99.75%	.451	NY	First Boston Corp.
9/26	McDonnell Douglas Corp.	200.00	Note	99.67%	.615	OTC	Merrill Lynch Capital Markets
9/19	Collateralized Mtg. Securities Corp.	171.50	GNMA CMO	99.75%	.702	OTC	First Boston Corp.
9/24	Salomon Capital Access Corp.	157.83	GN-FN CMO	97.00%	.515	OTC	Salomon Brothers
9/26	Homestead Mtg. Acceptance Corp.	155.00	GNMA CMO	99.90%	.676	OTC	Salomon Brothers
9/25	Deere & Co.	150.00	Note	99.90%	.601	OTC	Merrill Lynch Capital Markets
9/24	Pan American World Airways Inc.	150.00	Cvt. Sub. Deb.	100.00%	2.000	NY	E.F. Hutton
9/17	Ford Motor Credit Co.	150.00	Adj. Note	99.75%	.501	LUX	Goldman, Sachs
9/24	Southern California Edison Co.*	125.00	Fst. & R. Mtg.	99.62%	.359	AM	Salomon/Goldman/Smith Barney/Dean Witter/Donaldson, Lufkin
9/24	Pennsylvania Power & Light Co.	125.00	First Mtg.	99.36%	.881	OTC	First Boston/Morgan Stanley/Drexel Burnham/Salomon Brothers
Common Stock							
9/25	Pacific Telesis Group	353.10		$70.62	2.12	NY/MW/*	First Boston/Goldman, Sachs/Merrill/Morgan Stanley/Salomon
9/23	Textron Inc.	189.00		$47.25	2.24	NY/MW/PC	Morgan Stanley/Kidder Peabody/Salomon
9/19	Beatrice Companies Inc.	75.00		Market	Market	NY/MW	Salomon Brothers
9/19	First Data Management Co. Inc.	26.30		$15.00	5.73	OTC	Montgomery Securities/L.F. Rothschild, Unterberg, Towbin
9/18	People Express Inc.	23.30		$11.62	4.47	OTC	Morgan Stanley/Hambrecht & Quist
9/18	The All American Gourmet Co.	17.60		$13.00	6.92	IPO	Alex. Brown & Sons/Drexel Burnham Lambert
9/19	The Binghamton Savings Bank	15.80		$8.75	7.20	IPO	Alex. Brown & Sons/First Albany Corp.
9/24	Open Air Markets Inc.	14.30		$11.00	7.45	IPO	Smith Barney, Harris Upham/Wheat, First Securities
9/27	Ceradyne Inc.	11.90		$11.87	6.57	OTC	Merrill Lynch Capital Markets
9/27	Cincinnati Microwave Inc.	11.60		$10.50	6.29	OTC	PaineWebber/Drexel Burnham Lambert/McDonald & Co.

Source: Securities Data Corp., New York
**Competitive*

Cvt. Sub. Deb.: Convertible Subordinated Debenture
Adj. Note: Adjustable Rate Notes
Fst. & R. Mtg.: First & Refunding Mortgage Bonds
GN-FN CMO: GNMA/FNMA backed collateralized mortgage obligations

AM: American Stock Exchange
IPO: Initial Public Offering
LUX: Luxembourg Stock Exchange
MW: Midwest Stock Exchange
NY: New York Stock Exchange
OTC: Over the Counter
PC: Pacific Stock Exchange

Domestic issues . . .

Continued from page 37

First Boston underwrote $30.9 billion by this measure to Salomon's $26.6 billion, giving it just more than 16% of total worldwide volume (the numbers exclude offerings placed outside the United States and Europe).

In the U.S. financing arena, corporations raised $24.2 billion in non-convertible debt offerings in the third quarter, bringing year-to-date total volume to $64 billion. Third-quarter common stock volume reached $7 billion, bringing the level of stock financing for the nine months to $18.1 billion, according to IDD.

Last year, straight domestic debt offerings amounted to $65.2 billion, while common stock deals totaled just less than $9 billion.

Salomon led the way on the debt side in both the quarter and nine-month rankings. The investment house lead managed just less than $7 billion or 28.8% of the total for the quarter and $17.3 billion or 27% of volume for the nine months.

First Boston placed second, with a 17.8% third quarter and 18.4% nine-month market share. It was followed by Goldman, Sachs with 12.4% and 12% of the quarterly and year-to-date volume, respectively; Merrill Lynch, with 11.2% and 10.4%; and Drexel, with 8.2% and 8.7%.

Drexel, however, continues to reign over high-yield debt financings, cornering more than half of the $9.3 billion raised so far this year by issuers of the "junk bonds." Stepped-up efforts by major-bracket firms to gain a foothold in the high-yield new issues market is producing a new lineup of runners in this arena, however (see story page 39).

On the common stock side, Goldman moved into the top spot, due in large part to its lead manager role in Rockefeller Center Properties' $750 million initial public offering in August. The firm underwrote $1.8 billion in equity offerings during the third quarter for a 25.5% share of that market. It raised just more than $3.5 billion for issuers in the past nine months giving the firm 16.9% of the market.

Salomon came in second, with 12% of common stock volume for the quarter and 14.8% for the nine months. Merrill Lynch, the traditional front-runner in common stock financings, was seventh for the third quarter, with 7.1% of total volume. Its 12.1% market share for the year to date put the firm in third place.

The firm, however, ranked second behind Goldman in the initial public offering arena. Merrill raised $384 million for companies going public in the third quarter and $855 million for the nine months, giving the firm a 15.4% and 16.6% market share, respectively.

Goldman underwrote $1.6 billion in ipos in the past nine months, representing a 30.8% share of total volume. Just more than $1.2 billion of that came in the third quarter, giving the firm 25% of the market for the three-month period.

Kidder, [illegible] placed third in both the [illegible] month periods, with 8% and [illegible] total volume, respectively.

All together, issuers raised $2.5 billion in ipos last quarter, pushing total volume for the year so far to $5.1 billion. Ipo volume in 1984 totaled only $2.2 billion.

Other highlights of the latest public offering numbers include:

• Convertible debt offerings totaled $2.6 billion for the third quarter, bringing volume for the year to $6.6 billion. Merrill Lynch led underwriters with 17% of the quarterly volume and 16.2% for the nine months. Drexel followed with 10.8% and 13.9%, respectively.

First Boston, Goldman and Shearson Lehman Brothers Inc. placed third through fifth in the third-quarter breakdown. For the nine months, those spots were filled by Lazard Freres & Co., First Boston and Morgan Stanley.

• Shearson led underwriters of non-convertible preferred stock issues, primarily due to the popularity of its money market preferred innovation. Straight preferred volume totaled $3.9 billion for the nine months, of which $2.1 billion was issued during the third quarter.

Shearson was lead manager for 34.5% of the total issued so far this year and 32.5% of the quarterly volume. Salomon and Merrill placed second and third for the nine months, with 18.8% and 17.1% of the market. Merrill was second for the quarter, underwriting 18.6% of the three-month volume, followed by Drexel, with 11.4%.

• Goldman raised the most for issuers of convertible preferred stock. It was lead manager for 52.3% of the $716.6 million issued in the third quarter and 38.9% of the almost $2 billion generated in the past nine months.

Dean Witter Reynolds, with 11.2%, came in second for the quarter, followed by Salomon, with 10.5%. For the nine months, PaineWebber Inc. and Morgan Stanley were the runners-up, with 14.1% and 11.6% of the year-to-date volume, respectively.

Underwriting rankings

(Jan. 1 — Sept. 30, 1985)
Full credit to lead managers

Mortgage-related offerings

	Firm	$ mil.	issues
1.	Salomon Brothers	$4,866.8	77
2.	First Boston	4,832.1	109
3.	Shearson Lehman	1,600.5	47
4.	Merrill Lynch	735.3	13
5.	Drexel Burnham	448.5	7
6.	PaineWebber	316.3	12
7.	Wheat, First Sec.	202.2	10
8.	Goldman, Sachs	199.8	8
9.	Dean Witter	199.3	4
10.	Edward D. Jones	192.9	46

Initial public offerings

	Firm	$ mil.	issues
1.	Goldman, Sachs	$1,581.1	12
2.	Merrill Lynch	854.9	12
3.	Kidder, Peabody	252.5	5
4.	Dean Witter	231.5	4
5.	Salomon Brothers	194.4	2
6.	Shearson Lehman	192.0	4
7.	Morgan Stanley	180.6	4
8.	First Boston	169.1	3
9.	PaineWebber	136.0	5
10.	E.F. Hutton	126.0	5

• Salomon edged out First Boston for the top spot in mortgage-related underwritings, with a $197.6 million deal it came to market with Sept. 30. Total nine-month volume of these securities, which includes collateralized mortgage obligations, mortgage-backed securities and collateralized preferred obligations, reached $14.3 billion.

Salomon managed 34% of that, compared with First Boston's 33.8%. The firm led for the quarter as well, with 32.6% to First Boston's 32.6% of the $6.9 billion issued in the three-month period.

First Boston, however, was the clear leader for CMO underwritings, taking 42.7% of the $4.9 billion generated during the quarter and 43.5% of the $9.2 billion raised so far this year. Salomon's second-place market share was 22.2% and 28.3%, respectively.

• Nomura Securities, due largely to its dominance in the Euroyen underwriting arena, pushed its way from 11th place in the first quarter to second place in the third for all issuers of Eurobond securities. It managed $1.9 billion for the quarter for 6.4% of that market.

Nomura, however, placed eighth by this measure for the nine-month period. It held that spot as well for nine-month Eurobond financings by U.S. issuers only. ■

Underwriting Rankings — Jan. 1-Sept. 30, 1985

(Full credit to lead manager)

All issues

U.S. market

	Firm	$ mil.	issues
1.	Salomon Brothers	$21,080.3	197
2.	First Boston	14,409.5	192
3.	Goldman, Sachs	12,179.4	110
4.	Merrill Lynch	10,695.3	125
5.	Drexel Burnham	8,011.7	105
6.	Morgan Stanley	6,910.7	68
7.	Shearson Lehman	6,386.8	120
8.	Kidder, Peabody	2,696.7	59
9.	PaineWebber	2,241.9	51
10.	Dillon, Read	1,033.9	9

Euromarket*

	Firm	$ mil.	issues
1.	First Boston'	$4,157.7	39
2.	Salomon Brothers	3,525.0	29
3.	Goldman, Sachs	3,091.8	22
4.	Morgan Stanley	1,809.9	12
5.	Union Bank/Switz.	1,684.8	11
6.	Merrill Lynch	990.6	7
7.	Daiwa Securities	912.2	8
8.	Nomura Securities	899.2	7
9.	Morgan Guaranty	851.9	12
10.	Banque Paribas	789.6	9

Worldwide offerings*

	Firm	$ mil.	issues
1.	First Boston	$30,866.2	274
2.	Salomon Brothers	26,602.3	244
3.	Goldman, Sachs	16,181.5	142
4.	Merrill Lynch	15,933.6	159
5.	Morgan Stanley	10,952.1	110
6.	Shearson Lehman	8,253.2	131
7.	Drexel Burnham	8,086.7	106
8.	Deutsche Bank	4,716.8	45
9.	Morgan Guaranty	4,297.9	40
10.	Nomura Securities	3,554.5	46

Bond Issues

Straight debt

	Firm	$ mil.	issues
1.	Salomon Brothers	$17,321.6	159
2.	First Boston	11,813.1	160
3.	Goldman, Sachs	7,660.0	67
4.	Merrill Lynch	6,659.1	66
5.	Drexel Burnham	5,599.4	60
6.	Morgan Stanley	4,413.9	34
7.	Shearson Lehman	3,774.6	75
8.	PaineWebber	1,492.0	26
9.	Kidder, Peabody	1,424.3	30
10.	Dillon, Read	754.3	6

Convertible debt

	Firm	$ mil.	issues
1.	Merrill Lynch	$1,065.8	14
2.	Drexel Burnham	915.0	16
3.	First Boston	800.0	10
4.	Goldman, Sachs	615.0	7
5.	Shearson Lehman	530.0	8
6.	Kidder, Peabody	325.0	10
7.	Bear, Stearns	315.0	5
8.	Salomon Brothers	270.0	3
9.	E.F. Hutton	247.0	4
10.	Lazard Freres	225.0	2

Junk bonds

	Firm	$ mil.	issues
1.	Drexel Burnham	$4,942.9	50
2.	Salomon Brothers	1,086.0	12
3.	Morgan Stanley	601.3	8
4.	First Boston	469.9	6
5.	Goldman, Sachs	421.9	3
6.	Merrill Lynch	377.3	6
7.	Prudential-Bache	340.3	6
8.	Shearson Lehman	307.0	3
9.	Bear, Stearns	302.1	6
10.	Kidder, Peabody	95.0	2

Stock issues

Common stock

	Firm	$ mil.	issues
1.	Goldman, Sachs	$3,054.4	30
2.	Salomon Brothers	2,678.8	23
3.	Merrill Lynch	2,193.8	37
4.	Morgan Stanley	1,771.8	22
5.	First Boston	1,461.5	16
6.	Drexel Burnham	1,054.7	25
7.	Kidder, Peabody	947.4	19
8.	Shearson Lehman	692.2	17
9.	Dean Witter	438.2	10
10.	PaineWebber	420.2	18

Straight preferred

	Firm	$ mil.	issues
1.	Shearson Lehman	$1,350.0	19
2.	Salomon Brothers	735.0	11
3.	Merrill Lynch	671.0	6
4.	Morgan Stanley	285.0	5
5.	First Boston	265.0	4
6.	Drexel Burnham	237.5	2
7.	Prudential-Bache	111.1	1
8.	Smith Barney	100.0	1
9.	Goldman, Sachs	75.0	1
10.	PaineWebber	50.0	1

Convertible preferred

	Firm	$ mil.	issues
1.	Goldman, Sachs	$775.0	5
2.	PaineWebber	279.8	6
3.	Morgan Stanley	230.0	2
4.	Drexel Burnham	205.0	2
5.	Merrill Lynch	105.8	2
6.	Dean Witter	91.3	3
7.	Salomon Brothers	75.0	1
8.	First Boston	70.0	2
9.	Alex. Brown & Sons	40.0	1
9.	Shearson Lehman	40.0	1

*U.S. issuers only. Also, excludes non-European issued securities, such as Samurai bonds.

**All issuers. Excludes non-European issued securities, such as Samurai bonds.

'Includes Credit Suisse

Source: IDD Information Services

3 arbitrageurs form new group

HIGHLAND PARK, Ill. — Three risk arbitrage advisers, who trade to profit from takeovers, left Rodman & Renshaw Inc., Chicago, taking $20 million worth of client accounts, to form a similar group with Mesirow & Co., another Chicago-based investment banking and securities firm.

Theodore Rossman, senior vice president, heads the risk arbitrage group, working with Howard Rossman, his son, and Jai Luster, his son-in-law, both vice presidents.

Theodore Rossman said the accounts include two pension funds he declined to identify.

He said the group invests only in announced takeover targets after assessing the likelihood the deal will close and the time it will take. ■

Cash Management

Comptroller's order met with banks' ire

By Richard J. Gillespie

WASHINGTON — Reaction from the banking community to the comptroller of the currency's recent order to about 70 trust banks, including The Chase Manhattan Bank and Bank of Boston, to reimburse clients possibly millions of dollars for lost interest was immediate and vehement.

According to a spokesman for Chase Manhattan, which was faulted for its practice in the personal trust area, the bank has abided by the rules and the comptroller's interpretation of the rules.

"I cannot go into the details of the letter (from the comptroller's office) except to tell you that questions are raised by the comptroller about the handling of idle cash in personal trust accounts. We believe that we are in full compliance of the regulations and the comptroller's own interpretation of the regulations," said Kenneth Mills, the Chase spokesman.

The order followed a survey by the comptroller's office of the cash investment practices of between 120 and 130 nationally regulated trust banks.

A spokeswoman said it was against comptroller's office policy to either confirm or deny the existence of the orders, even though reports had appeared in the national press.

But she said because various banking spokesmen had confirmed the existence of the letters, she could say earlier reports that 100 letters had been sent were incorrect. Only about 70 banks had received the order, she said.

The spokeswoman declined to say whether the cash balances in the trust accounts were inadequately invested or whether they were not invested at all. She also would not say whether the findings referred exclusively to personal trust assets, or whether there are Employee Retirement Income Security Act assets involved.

In an earlier statement, a spokeswoman indicated that in an age of computerization and money market funds, it no longer was good enough for banks to leave idle cash in pass-book savings accounts earning a 5.25% annual interest rate (*Pensions and Investment Age*, April 23).

That more than half of the banks in the survey were faulted by the comptroller's office indicates a widespread practice, and raises the possibility state-chartered banks might also indulge in the alleged wrongdoings.

It also raises the possibility the fault might be with the comptroller's office in failing to communicate its directives adequately.

While bank spokesmen believe this is the case, Dean DeBuck, a spokesman at the comptroller's office said the regulatory body had always been clear on the subject: "We have always felt that there is a regulation that governs the investment of idle cash in trust accounts at market rates, and we reiterated that maybe three years ago in writing."

He declined to go into more detail on the subject.

Mr. DeBuck also declined to name any of the banks involved or how much money was involved.

In a published report, a spokeswoman for the agency said she

Continued on page 46

Managers get tough on banks

By Fred Williams

DALLAS — Cash managers are moving away from "good old boy" relationships with their cash management service providers toward a more formal evaluation process for selecting and maintaining banking relationships.

Cash managers from two prominent corporations pulled no punches in spelling out their likes and dislikes ..) evaluating cash management banks before an audience of several hundred bank cash management officials. The exchange took place at the Bank Administration Institute's seventh annual conference on contemporary issues in cash management, here.

Jim Noel, cash manager for Transamerica Corp., San Francisco, and Dorothea Winston, assistant treasurer-cash management for the Associates Corp. of North America, Dallas, said the quality of the bank contact person is at the top of the list for cash managers when working with their banks.

"I'm a firm believer in not having a good old boy relationship (with the bank)," said Mr. Noel. "We are interested in getting the best product at the lowest cost ...

"My pet peeve is the bank's cash management account officer. He really represents the bank and I form an immediate impression. I hate it most when he comes into my office and the information he has is from my annual report. It means you don't have a decent agenda and you don't know much about me. If you haven't done your homework, I don't want to spend any time with you."

Ms. Winston said Associates is developing a formalized bank evaluation system, expected to be in place later this year.

Meanwhile, she said, the "quality of the bank contact officer is the single most important area of the relationship."

Both cash managers complained of bank cash management contacts who lack specific knowledge about their products, cash management industry services and products and the competition.

They also shared views on areas of emphasis in selecting and maintaining banking relationships, including the bank's overall long-term commitment to cash management, financial strength, responsiveness and continuity of personnel.

Mr. Noel said an important consideration for Transamerica is not

Continued on page 45

Payden & Rygel index of short maturities assets*

(for month ending September 30, 1985)

	September 1985	Quarter ending 9/30/85	Year to date	12 months ending 9/30/85	Yield level monthly change*
	Unannualized total returns				
90 Day					
U.S. Treasury Bill	0.6314	1.8443	6.2972	9.3577	−10
Domestic C.D.	0.6530	1.9420	6.4409	9.5875	+2
Euro $ C.D.	0.6379	1.9963	6.5768	9.8526	+10
180 Day					
U.S. Treasury Bill	0.7507	1.9181	6.9896	10.7935	−25
Domestic C.D.	0.6280	1.8822	6.7074	10.5654	+5
Euro $ C.D.	0.6130	1.9324	6.9308	10.8165	+10
1 Year					
U.S. Treasury Note	0.6947	1.7717	7.8297	12.7875	−4
2 Year					
U.S. Treasury Note	0.8746	1.8861	9.5085	16.5526	−8

*Figures are unannualized total returns. Year-to-date and 12 month figures linked monthly. 90 and 180 Day Treasury Bill yield level changes on discount basis.

*Basis points.

Source: Payden & Rygel, Los Angeles, California 90017

The Payden & Rygel index of short maturities assets is published every other issue. It charts the total returns on cash investment and highlights the difference between total returns and simple yields.

Beyond the credit line

Services important

By Richard J. Gillespie

GREENWICH, Conn. — Fewer banks are able to establish leadership in the cash management industry based on traditional credit products, the 1985 Greenwich Associates cash management survey shows.

"There is mounting evidence that cash management and operations services have a greater relationship impact than ever before," according to the survey's authors reporting on the results of telephone interviews with 774 cash managers.

The mean number of banks used by corporations declined to 8.2 in 1985 from 8.7 in 1983. Large companies made significant moves, paring their cash management banks to 13 from 15.5 during the same period, a spokesman for the firm said.

The survey conclusion that banks no longer live by their credit lines alone is hardly news to bankers involved in the corporate cash management community.

But in identifying the areas of greatest interest to corporate cash managers, the survey has become an annual institution that is widely followed.

This year the survey highlighted the following findings:

- Four out of 10 interviewees cited individual banks for improved performance in the past twelve months.
- Five out of 10 cash managers awarded banks new business as the result of operational improvements.
- Half of the executives interviewed said there had been a decline in the operations performance of an individual bank.
- One out of four cash managers

Continued on page 46

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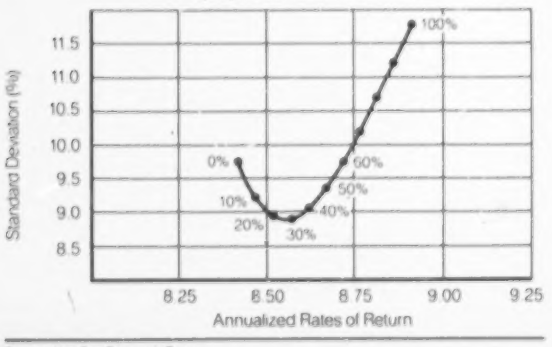

Source: InterSec Research Corp.

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Current accounts

The current accounts section is a cross-reference to manager hirings reported in *Pensions & Investment Age's* money movers and late news sections. Hirings reported elsewhere in the newspaper also are included.

Current accounts is now published quarterly.

Aetna Life and Casualty Co.
TECO Energy Inc.: guaranteed equity; $30 million.

Aetna Realty Investors Inc.
San Diego County Retirement System: real estate; $10 million.

Fred Alger Management
Kaman Corp.: balanced; about $5 million. North Dakota Public Employees' Retirement System: equity; $22 million.

Alliance Capital Management
San Bernardino County Retirement System: index fund; $15 million. National Football League players: fixed income; undisclosed. District of Columbia Retirement Board: index fund; $22 million. Contra Costa County Employees' Retirement Association: passive stock fund; $48 million. International Telephone and Telegraph Corp.: international equity; $10 million.

American National Bank
Sara Lee Corp.: equity; $5 million.

Ariel Capital Management Inc.
Illinois Teachers' Retirement System: equity; $1 million.

Aronson & Folger Mgmt.
University of Southern California: equity; $10 million.

ASB Capital Management
District of Columbia Retirement Board: bond; $31 million.

Bank of New York
W.K. Kellogg Foundation: master custodian; $567 million. Financial Institutions Retirement Fund: custodian; $800 million.

Bankers Trust Co.
United Technologies Corp.: equity index fund; undisclosed. Consolidated Edison: undisclosed; $1.6 billion. Celanese Corp.: undisclosed; $40 million. Graphic Communications International Union Supplemental Retirement and Disability Fund: index fund; $30 million.

Barnett Banks Trust Co.
Risser Oil Corp.: profit-sharing plan; $1 million. TECO Energy Inc.: balanced and trustee; $2.3 million.

Barrow, Hanley, Mewhinney & Strauss
American Airlines: balanced; undisclosed.

Batterymarch Financial Mgmt.
Deere & Co.: equity; $50 million.

Bear, Stearns Asset Management
Wyoming Retirement System: equity; $30 million.

Sanford C. Bernstein & Co.
Miami City Employees' Retirement System: bond; co-manage $27 million. District of Columbia Retirement Board: fixed income; $43 million. Hayes-Albion Corp.: equity; $7.5 million to $8 million.

Beutel Goodman Capital Mgmt.
W.K. Kellogg Foundation: value-oriented equity; $45 million.

Bolton Tremblay Inc.
Air Canada: Canadian equity; $60 million.

The Boston Co. Inc.
Glendale Federal Savings and Loan: equity; $7 million. Alameda County Retirement System: equity; $50 million. Hudson-Webber Foundation: asset-allocation account; $5 million. Hampden County Board of Retirement: balanced; $20 million. D.S. Revco Inc.: equity; undisclosed.

Boston Safe Deposit and Trust Co.
Ayco Corp.: trustee of pension, profit-sharing and 401(k) plans; $1.25 million.

Brignoli, Curley & Roberts
United Technologies Corp.: equity; undisclosed. U S WEST Inc.: equity; $100 million. Johnson & Johnson: equity; undisclosed. Virginia Supplemental Retirement System: equity; undisclosed. Whittaker Corp.: defined benefit plan; $5 million.

Capital Guardian Trust Co.
U S WEST Inc.: core international equity; $25 million. International Telephone and Telegraph Corp.: international equity; $5 million.

Centerre Trust Co.
Bill's Coal Co. Inc.: manager, record keeper, custodian; $2 million. Air Canada: balanced; split $40 million with one other.

Century IV
Pennsylvania Public School Employees' Retirement System: venture capital; $20 million.

Chase Manhattan Bank
SCM Corp.: master trustee; undisclosed.

CIGNA Asset Advisers
Colgate-Palmolive Co.: open-end real estate; undisclosed.

Concord Capital Management
U S WEST: active equity; $100 million. Connecticut Trust Funds: equity; $50 million.

Confederation Life Insurance Co.
Air Canada: Canadian equity; $60 million.

Connecticut Bank and Trust Co.
Kaman Corp.: master trustee; about $21 million.

Connecticut General
Doyle Dane Bernbach: GIC; $9.2 million.

Continental Investment Advisors
Miami City Employees' Retirement System: bond; co-manage $27 million. Jacksonville City Retirement System: fixed income; $75 million. Hampton, Virginia Retirement System: fixed income; $5 million.

Corinthian Capital Co.
Virginia Supplemental Retirement System: equity; undisclosed.

Cutler and Co. Inc.
Whittaker Corp.: defined benefit plan, savings plan; $12 million.

Denver Investment Advisors
District of Columbia Retirement Board: equity; $20 million.

Dillon, Read Capital
Johnson & Johnson: equity; undisclosed.

Dimensional Fund Advisors
Sara Lee Corp.: equity; $5 million.

Dreman & Embry Inc.
Chicago Symphony Orchestra: equity; $4.3 million. Federal Express Corp.: core equity; $15 million. Wyoming Retirement System: equity; $30 million.

Duff & Phelps Investment Mgmt.
Ohio State Workers' Compensation Fund: fixed income; $3 billion.

Endowment Mgmt. & Research
Massachusetts Pension Reserve Investment Trust: high-yield account; $50 million.

Equitec Institutional Realty
San Diego County Retirement System: closed-end fund; $5 million.

Fidelity Investments Southwest
Pearle Health Services: 401(k) profit-sharing; undisclosed.

Fidelity Management Trust Co.
Georgia Kraft Co.: equity; undisclosed.

First Manhattan Capital Mgmt.
W.K. Kellogg Foundation: value-oriented equity; $45 million. Johnson & Johnson: equity; undisclosed.

First National Bank of Atlanta
Kemira Inc.: balanced, trustee, custodian; $3 million. Aaron Rents Inc.: manager, record keeper, trustee; undisclosed.

First Union/Capital Mgmt. Group
Hayes-Albion Corp.: equity; $7.5 million to $8 million.

First Union National Bank
BellSouth: equity manager; undisclosed. Dayco Corp.: equity; $5 million.

First Trust Co. of St. Paul
Bush Foundation: stock index fund; $12 million.

First Wisconsin Trust Co.
Alexian Brothers Health System Inc.: immunized bond portfolio; $4.5 million. Building Trades United Pension Trust Fund: custodian; $242 million.

Franklin Asset Mgmt. System
Common Fund: equity; $30 million.

GAMCO Investors Inc.
Pursers' Trust Plan of Trans World Airlines Inc.: equity; undisclosed. Virginia Supplemental Retirement System: equity; undisclosed.

Glickenhaus & Co.
Connecticut Trust Funds: equity; $50 million.

Goldman, Sachs & Co.
San Diego County Retirement System: open-end fund; $5 million.

G.T. Capital Management
International Telephone and Telegraph Corp.: international equity; $5 million.

Harris, Bretall, McEldowney & Sullivan
Alameda County Retirement System: equity; $40 million.

Harris Trust & Savings Bank
Rubloff Inc.: profit-sharing and 401(k); $1 million. Chemcraft Inc.: 401(k) plan; $75,000 to $100,000. Frank C. Nahser Inc.: profit-sharing plan; undisclosed. Foote, Cone & Belding Communications Inc.: master trustee; $66 million. Ceco Corp.: master trustee; $97 million.

Hellman, Jordan Management Co.
Virginia Supplemental Retirement System: equity; undisclosed.

Hotchkis & Wiley
American Airlines: balanced; undisclosed.

Hutton Capital Management
Rock-Tenn Co.: balanced; $3 million.

IDS Trust Co.
Western Title Insurance Co.: profit-sharing and 401(k) plan; $2 million. Blue Shield of California: 401(k) plan manager and trustee; undisclosed. Blue Cross and Blue Shield of Wyoming: 401(k) plan manager and trustee; undisclosed. Timex Inc.: record keeper; undisclosed. Hawkins Chemical Inc.: GICs and money market; about $1 million. State of Texas; 401(k) plan record keeping; undisclosed. John Roberts Co.: 401(k) plan; undisclosed.

Independence Associates
American Airlines: equity; undisclosed.

Investment Counsel Co.
Southern Engineering Co.: balanced; $4 million.

Irving Trust Co.
Tiffany & Co.: balanced; $9.3 million.

JMB Institutional Realty
Colgate-Palmolive Co.: closed-end real estate, undisclosed.

Jundt/Capen Associates
W.K. Kellogg Foundation: growth stocks; $45 million.

Kennedy Associates Inc.
Alameda County Retirement System: fixed income; $60 million.

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Current accounts

Knight, Bain, Seath & Holbrook
Air Canada: U.S. equity: $50 million to $60 million.

Lazard Freres Asset Mgmt.
Graphic Communications International Union Supplemental Retirement and Disability Fund: balanced; $100 million.

Leavy Investment Mgmt. Inc.
Recticel Foam Corp.: balanced: $2 million.

Lehman Management Co.
St. Joe Minerals Corp.: equity: $28 million. Massachusetts Pension Reserve Investment Trust: index fund: $175 million.

Liberty Capital Management
International Brotherhood of Electrical Workers, Local No. 1: government securities; $5 million.

Lieber & Co.
W.K. Kellogg Foundation: value-oriented equity; $45 million. Crown Central Petroleum Corp.: small-cap equity; $6 million.

Loomis, Sayles & Co. Inc.
Glendale Federal Savings and Loan: equity; $3 million.

Lord, Abbett & Co.
Tennessee Valley Authority Fixed Benefit Fund: equity; $25 million.

Lowe, Brockenbrough, Tierney & Tattersall
Jacksonville Retirement System: fixed income; $75 million.

Magten Asset Management
Minneapolis Teachers' Retirement Fund Association: high-yield bond; $3 million. Los Angeles Fire and Police Retirement System: bonds; $17.5 million.

Management Assets Corp.
National Football League players: equity; undisclosed.

MBW Venture Partners
Michigan State Employees' Retirement Systems: venture capital; $15 million. Oregon Public Employees' Retirement Systems: venture capital; $5 million. Allen-Bradley: venture capital; $2.5 million. Lehigh University endowment: venture capital; $1 million. Northern Telecom: venture capital; $2 million.

McKenzie Walker Investment
Coca-Cola Co.: equity; $10 million.

John McStay Investment Counsel
St. Joe Minerals Corp.: equity; $10 million. North Dakota Public Employees' Retirement System: equity; $22 million.

R. Meeder & Associates Inc.
TECO Energy Inc.: equity; $5 million.

Mellon Bank
Arcata Corp.: custodian; about $50 million.

Mellon Capital Management
Ladish Co.: equity; $40 million. Internorth Inc.: stock index fund; $50 million. U S WEST: index fund; $200 million.

Mellon-Pictet International Mgmt.
Sperry Capital Management: core international equity; undisclosed.

L.J. Melody & Co.
Teacher Retirement System of Texas: mortgage loan; $42 million.

Mercator Asset Management
Sperry Capital Management: core international equity; undisclosed.

Merchants Invest. Counseling
NECA-IBEW: stocks; $2 million.

MGIC Mortgage Marketing Corp.
Wisconsin State Board of Investment: mortgage-backed securities; $25 million.

J.P. Morgan Investment Mgmt.
Air Canada: balanced; split $40 million with one other.

Morgan Stanley Asset Mgmt.
W.K. Kellogg Foundation: fixed income; $114 million. University of Wisconsin: bond; $17 million.

Morley Capital Management
Bank of Virginia Trust Co.: GIC; $10 million.

MSecurities
Martin Sprocket & Gear Co.: balanced; $5 million.

National Life of Vermont
Vermont Municipal Employees' Retirement System: real estate; $2.5 million.

NCNB North Carolina
Crown Central Petroleum Corp.: real estate equity; $500,000.

Neuberger & Berman
W.K. Kellogg Foundation: fixed income; $114 million. District of Columbia Retirement Board: fixed income; $60 million.

Newbold's Asset Management
DeKalb Employees Retirement System: equity; $15 million.

New South Capital Management
Kansas Power & Light Co.: equity; $20 million.

Nicholas-Applegate Capital Mgmt.
United Technologies Corp.: small-cap stocks; undisclosed. Alameda County Retirement System: equity; $9 million. San Bernardino County Retirement System: small-cap fund; $15 million. The Common Fund: growth-oriented equity; $25 million.

Norstar Bancorp
New York State Teachers' Retirement System: venture capital; $5 million.

Northern Capital Management Inc.
W.K. Kellogg Foundation: balanced; $57 million. Crown Central Petroleum Corp.: equity; $18 million.

J.W. O'Connor
Kansas Public Employees' Retirement System: real estate; $200 million.

One Federal Asset Management
Massachusetts Pension Reserve Investment Trust: core portfolio; $50 million.

Paribas Asset Management
Tennessee Valley Authority Fixed Benefit Fund: equity; $25 million.

Payden & Rygel Investment
National Football League players: fixed income; undisclosed.

PCM International Management
United Technologies Corp.: international equity; undisclosed.

Potomac Asset Management
District of Columbia Retirement Board: equity; $8 million.

PMRealty Advisors
Cincinnati Bell Inc.: real estate; $3 million.

PRIMECAP Management Co.
U S WEST: active equity; $100 million.

Provident Capital Management
National Football League players: equity; undisclosed.

PS Partners V
State of Connecticut Trust Funds: commingled real estate; $5 million.

Public Storage Properties
San Diego County Retirement System: real estate; $1 million.

Putnam Advisory Co.
Massachusetts Pension Reserve Investment Trust: immunized portfolio; $75 million.

Putnam International Advisors
U S WEST Inc.: core international equity; $25 million. Sperry Capital Management: core international equity; undisclosed.

Renaissance Investment Mgmt.
Kansas Power & Light Co.: equity; $23 million. Southern Engineering Co.: equity; $4 million.

Roanoke Asset Management
W.K. Kellogg Foundation: growth stock; $45 million. Connecticut Trust Funds: equity; $50 million.

Rosenberg Capital Management
Texas Utilities Co. System: fixed income; $30 million.

Salomon Asset Management
Los Angeles Fire and Police Retirement System: bonds; $17.5 million.

M.D. Sass Investors Services
Alameda County Retirement System: fixed income; $100 million.

Schafer Capital Management
Virginia Supplemental Retirement System: equity; undisclosed.

Schroder International
United Technologies Corp.: international equity; undisclosed.

Seagate Capital Management
Ohio State Workers' Compensation Fund: equity; $1.3 billion.

Security Capital Real Estate
San Diego County Retirement System: open-end fund; $5 million.

Seibel Capital Management
Alameda County Retirement System: equity; $50 million.

Donald Smith & Co. Inc.
Virginia Supplemental Retirement System: equity; undisclosed.

Continued on page 56

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Managers . . .

Continued from page 3
to Neuberger & Berman. The firm's fixed-income strategy concentrates on market-oriented investments with maturities of five years or less.

Concord Capital Management, San Mateo, Calif. (formerly Treynor Arbit Associates of Chicago) benefited from moves by U S WEST and the State of Connecticut Trust Funds to gain $150 million in new business. Jim R. Belquist, U S WEST's manager of trust fund investments, said Concord identifies undervalued stocks in relation to the way other firms look at them.

Morgan Stanley Asset Management Inc., New York, benefited from the Kellogg Foundation's move. It won $131 million in new business, with $114 million of that coming from the foundation for a fixed-income portfolio. In fixed income, Morgan Stanley concentrates on securities with short to intermediate maturities.

The Vanguard Group, Valley Forge, Pa., was next with $114 million in reported new business, thanks to one company's move of its defined contribution plan's entire portfolio into mutual funds. Science Applications Inc., La Jolla, Calif., made this move and terminated five money managers.

Next was Brignoli, Curley & Roberts Associates, New York, which also was one of the quarter's big winners in terms of number of new accounts. The firm gained five equity accounts, two of which accounted for $105 million. The amounts of the other three were not disclosed. Its biggest account, $100 million, was from U S WEST.

Four firms tied for the 10th spot with $100 million each in new assets. They were Lazard Freres Asset Management, New York, which won a balanced account from the Graphic Communications International Union Supplemental Retirement and Disability Fund, Washington; PRIMECAP Management Co., Pasadena, Calif., which gained an equity account from U S WEST; Rosenberg Institutional Equity Management, Orinda, Calif., which won an equity client in GTE Corp., Stamford, Conn.; and M.D. Sass Investors Services, which gained a fixed-income account from the Alameda County Retirement System.

The firm with the most new accounts reported for the quarter was IDS Trust Co., Minneapolis, with seven. Most of these were for investment management and/or record keeping for 401(k) plans.

A popular investment option offered by IDS Trust is the Guaranteed Income Fund, a combination of guaranteed investment contracts and money market funds.

Trinity was next with six, while a venture capital fund set up by Sun Western Management Inc., Dallas, also attracted commitments from six pension funds.

Firms that gained five new clients each were The Boston Co., Boston; Alliance Capital Management Corp., New York; MBW Venture Partners, Midland, Mich; and Brignoli, Curley & Roberts. The Boston Co. also had been among the top account winners in the previous quarter, with five new clients.

Alliance's five new accounts gave it substantial new assets, too — $95 million. However, the firm lost $182 million in the form of accounts terminated or reduced. The biggest loss was a $100 million balanced account for Deere & Co.'s pension fund. Deere, based in Moline, Ill., moved the portfolio in-house; company officials said their in-house managers have generated better long-term returns than Alliance.

The District of Columbia Retirement Board reduced Alliance's active equity account by $73 million, to $30 million, but moved $22 million of this to an index fund run by Alliance. The rest was moved to three other managers.

Another loser in the D.C. fund's restructuring was T. Rowe Price Associates, Baltimore. The fund terminated the firm as manager of a $103 million fixed-income portfolio and transferred the assets to two managers.

L.F. Rothschild Asset Management, New York, also lost a big account. The Graphic Communications Union fund, Washington, terminated Rothschild's $130 million balanced account for performance reasons. Two managers took over the assets. ■

Current accounts

Continued from page 55

Southeastern Asset Management
DeKalb Employees Retirement System: equity; $15 million.

Spears, Benzak, Saloman & Farrell
Lehigh University: equity; $12 million.

Standish, Ayer & Wood Inc.
Texas Utilities Co. System: fixed income; $30 million.

State Mutual Life Assurance Co.
New England Power Service Co.: GIC; $23 million.

State Street Bank and Trust
United Technologies Corp.: international index fund; undisclosed.

Steinhardt Management & Co.
The Common Fund: undisclosed; $5 million.

Sterling Capital Management
PCA International Inc.: equity; co-manage $4 million.

W.P. Stewart & Co.
Warner-Lambert Co.: value-oriented, large-cap equity; $20 million.

Strong/Corneliuson Capital Mgmt.
W.K. Kellogg Foundation: balanced; $57 million.

Target Investors Inc.
Hartford Mutual Investment Fund: equity; $9 million.

TCW Realty Advisors
Cincinnati Bell Inc.: real estate; $3 million.

Thompson, Siegel & Walmsley
Kaman Corp.: balanced; about $5 million.

Trinity Investment Management
University of Wisconsin: equity; $16 million. Johnson & Johnson: equity; undisclosed. The Common Fund: undisclosed; $30 million. U S WEST: active equity; $100 million. Wyoming Retirement System: equity; $30 million. Warner-Lambert Co.: value-oriented, large-cap equity; $20 million.

Trust Company of the West
United Technologies Corp.: equity; undisclosed. National Football League players: equity; undisclosed.

TCW Special Equity Fund
San Bernardino County Retirement System: equity; $7.5 million.

Value Investors
St. Louis County Employees' Retirement: equity; about $13 million.

Value Line Asset Management
United Technologies Corp.: small-cap fund; undisclosed.

Vanguard Group
Science Applications Inc.: mutual funds; $114 million.

Wedge Capital Management
PCA International Inc.: equity; co-manage $4 million. DeKalb Employees Retirement System: equity; $15 million.

Wellington Management Co.
Georgia Kraft Co.: balanced; undisclosed.

Wells Fargo Bank
Specialty Brands Inc.: balanced; $2.6 million.

Wentworth, Hauser & Violich
Georgia Kraft Co.: fixed income; undisclosed.

Westridge Capital Management
Chicago Symphony Orchestra: equity; $4.3 million.

Wilshire Associates
District of Columbia Retirement Board: index fund; $23 million.

Wright Investors Service
United Technologies Corp.: asset management; undisclosed.

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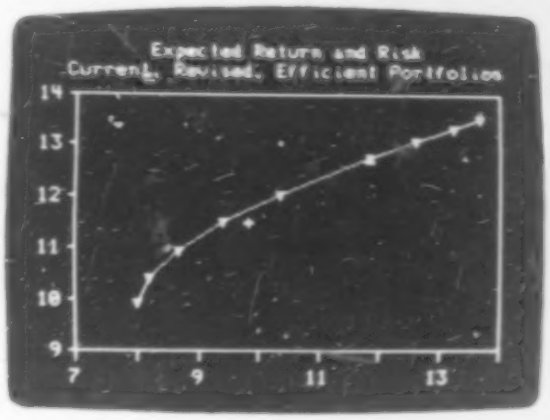
The Portfolio Optimizer

by William F. Sharpe



Risk-return trade-off graph—points represent alternative portfolios (square "point" represents optimal portfolio of selected risk tolerance)

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Mergers cut into pension execs' jobs

By Alan Krauss

Mergers, acquisitions and pension plan terminations are reducing job opportunities in corporate pension management and have cost a few pension executives their jobs.

Interviews with current and former pension executives, consultants and others in the industry produced no consensus. However, some said the ranks of corporate pension executives are shrinking.

"Do mergers affect our careers? . . . The answer is yes," said Richard Tyner, vice president, investments and investor relations at J.P. Stevens & Co. Inc., New York.

"My guess is that probably at about 50% of companies that have been acquired, pension fund officers have lost jobs or had their jobs significantly changed," said Richard Lannamann, a managing director of executive recruiters Russell Reynolds Associates Inc., New York.

Peter Kindler, a partner with the executive search firm Kenny, Kindler & Hunt, New York, said he has seen signs that more pension executives are worried about their jobs.

"The pace of merger and acquisition activity definitely has created a problem for certain pension officers and other corporate officers as well," Mr. Kindler said.

"Increasingly, pension asset responsibility has become specialized," he continued. "That means in a merger the person in charge of pension assets becomes redundant."

Mr. Kindler said evidence of job insecurity has taken the form of unsolicited inquiries from pension

Continued on page 73

Late news

IRS grants waiver

WASHINGTON — The Pension Benefit Guaranty Corp. scored a key victory when the Internal Revenue Service for the first time agreed to grant a collateralized funding waiver.

The PBGC had pushed for the collateralized waiver of The LTV Corp.'s $175 million pension contri-

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Pensions & Investment Age

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The newspaper of corporate and institutional investing • $4.00 an issue • $75 a year • October 28, 1985

American Hospital sets up plan 'parachute'

By Barry B. Burr

EVANSTON, Ill. — American Hospital Supply Corp.'s $90 million in surplus pension assets might be given to plan participants so Baxter Travenol Laboratories Inc. can't use the money to finance its acquisition of the company.

The move is a variation of a so-called pension parachute — used by Union Carbide Corp. and Sun Co. — to keep surplus pension assets from helping to finance a hostile takeover (*Pensions & Investment Age*, Aug. 5).

Photo by Francois Robert

A worker at American Hospital Supply Corp. packages heart-lung bypass systems.

The disposition of the pension surplus was one of the key conditions of the proposed merger agreement, said Jerry K. Myers, American Hospital's executive vice president. Before the merger agreement with Baxter, American Hospital hadn't had a policy on the disposition of its surplus.

Many takeovers and acquisitions have been financed partly by excess pension assets, most often through terminations of overfunded pension plans. In other cases, the company being sold has terminated the plan before the new owner can get its hands on the surplus.

Only retirees likely would benefit immediately from the move. In fact, the ultimate disposition of the surplus might take years to determine and, even then, employees might receive none of the surplus.

The outcome depends, in part, on when participants retire and whether Baxter Travenol, which provides retirement benefits primarily through a profit-sharing plan, decides to continue American Hospital's pension plan.

But the intent of American Hospital's board of directors is to pass the surplus on to participants, not Baxter Travenol, based in Deerfield, Ill., Mr. Myers said. "Our board felt very strongly to preserve for the beneficiaries the use of the excess assets," he said.

Another American Hospital executive, who asked to remain unnamed, added, "We felt these assets had been put in the plan for employees and we wanted to use these assets for employees."

Baxter officials declined to comment on the American Hospital pension stipulation to the merger agreement. Paul S. Bradley, Baxter's compensation planning manager, said, "This is a very, very sensitive issue."

Baxter will take on about $2 billion of additional debt for the merger, giving the newly combined company about $2.3 billion in long-term debt and capitalized leases, up from a total of $372 million the companies had had as separate entities as of June 30.

Baxter bested Hospital Corp. of America, Nashville, Tenn., in a struggle for American Hospital.

American Hospital's shareholders will vote on the agreement Nov. 22.

According to American Hospital's proxy

Continued on page 69.

Funds concerned about hostile LBOs

By Marci Baker

Some pension plan executives may re-evaluate their leveraged buy-out commitments in the wake of Kohlberg Kravis Roberts & Co.'s bid for Beatrice Cos.

Wall Street and pension fund officials are predicting other companies will become the target of hostile buy-out attempts, even if KKR fails in what could be a hostile bid for Beatrice.

Although pension executives were divided in their attitudes toward hostile buy-outs, most expressed concern that a movement in that direction could mean a change in investment styles of their leveraged buy-out managers. The terms of blind buy-out pools, including those established by KKR, have specified investments will go toward friendly deals.

"We're inclined to be uncomfortable with the idea" of hostile leveraged buy-outs, said Kenneth Codlin, executive director of the State of Wisconsin Investment Board, Madison.

"I think it is fairly inevitable that the hostile LBO will emerge," said G.R. Barnett, director-pension investments at Phillips Petroleum Co., Bartlesville, Okla. "Pension funds are just going to have to sit down and decide it they want in-

Continued on page 70

Photo courtesy of Michigan Retirement Systems

The State of Michigan Retirement Systems invested in Synthetic Vision Systems, which is poised to provide productivity gains in the semi-conductor industry. Shown is test inspection equipment by SVS.

Systems capitalize on investments

By Trudy Ring

PUBLIC PENSION FUNDS

Section starts on page 19

Public pension funds have invested more than $650 million in venture capital in the past few years.

The large state retirement systems, such as those in Oregon, Michigan, Minnesota, New York and Washington, are the leaders among those funds, committing $632 million.

According to Venture Economics Inc., Wellesley Hills, Mass., public fund involvement in venture capital really has taken off since 1981. The firm reports that public pension fund investment in venture capital limited partnerships amounted to just $8 million, or 4% of total pension fund commitments to the partnerships, that year.

By 1984, public fund investments in venture funds rose to $297 million, or 27% of total pension fund investments in the partnerships. Venture Economics does not have statistics on direct investments in new companies by pension funds.

In the first half of 1985, public funds' investments in venture partnerships tailed off somewhat, to $82 million, but that still represented 23% of the total, as corporate pension funds' commitments to venture capital slacked off also. It's too early to predict what the full-year total will be, a Venture Economics official said.

However, despite the widespread growth of interest among funds

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International section

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Oregon to double convertible mortgage assets

By Steve Hemmerick

SALEM, Ore. — The Oregon State Investment Council has agreed in principle to an investment that would double the size of the council's commitment to convertible participating mortgages.

The council tentatively agreed to fund a $135 million to $150 million convertible participating mortgage on a proposed three-block office, shopping and hotel complex in downtown Portland.

The council, which manages the state's retirement assets, still is negotiating terms of the mortgage loan with The Rouse Co., Columbia, Md., said James C. George, investment manager for the council.

The Rouse Co.'s previous developments include restoration and development of Boston's Faneuil Hall, a trendy dining and shopping complex and New York's South Street Seaport.

Rouse has developed other high-quality shopping and multiuse complexes in major U.S. cities, frequently with pension money lent through banking agents, according to David L. Tripp, a vice president with Rouse.

Through agents, he said, Rouse has been lent pension money from General Motors Corp., Teacher Retirement System of Texas and the Teachers Insurance & Annuity Association — College Retirement Equities Fund.

Real estate

"We don't do strip centers," said Mr. Tripp, who added his firm has 12 projects of more than $1 billion under way.

In the Oregon deal, the application for the loan was made through Alex. Brown Realty Advisors, Baltimore, an equity real estate adviser for the Oregon Public Employees' Retirement System.

Part of the ongoing negotiations involve setting limits or "bracketing" the "sliding scale" yield on the loan so that both the council and Rouse Co. are given some insulation against sharp changes in interest rates, Oregon's Mr. George said.

The loan also will allow the council to share in increases in rental rates for tenants and increases in values of the building above certain limits. Mr. George would not disclose those limits nor the extent of the council's participation in increased rentals and building values.

But, he said, in other mortgages made by the council, it receives 50% of the increase in rentals and building values above specified limits.

This participation arrangement works better than a sharing of ownership because the tax-exempt council cannot benefit from tax write-offs, he said.

He said the council will have an "ownership option" at some point — probably after major tax advantages are used and if, as expected, the project is a major success — in that the mortgages will include "equity conversion characteristics." He said he couldn't discuss details of the conversion option.

The loan will be made for "market rates," handled in the same manner as if the mortgage were for a development in another city outside of Oregon. He acknowledged some council members are more aware of details of the project and felt a "higher comfort level" because it will be done in Portland.

At present, said Mr. George, about 10% of the council's mortgages with Alex. Brown are on Oregon properties.

Other financing for the project — $35 million in industrial revenue bonds — has been given preliminary approval.

That money will be used for construction of parking garages, according to Chris Kopca, project manager for the development with the Portland Development Commission.

Mr. Kopca said one reason the project appears likely to succeed is that the first leg of Portland's passenger rail system, now under construction, will run at street level through and near the center of the complex.

Also, he said, the complex sits across from the city's main bus transportation center, and unlike other "super complexes," this one will not stretch across the entire three city blocks.

Instead, streets between the existing blocks will remain functioning, for easy automobile and pedestrian traffic.

Because of the conversion and participation characteristics of the mortgage, the more successful the project, the more money the council will make. ■

Employees seek state ESOP loan

By Trudy Ring

MOUNT VERNON, Ill. — Employees of a radiator plant here are seeking a state loan to set up an employee stock ownership plan to help them buy the plant.

If approved, the loan would be the first ever granted under the 3-year-old Illinois' Employee Ownership Assistance Act through the Department of Commerce and Community Affairs.

Officials of Chromalloy American Corp., St. Louis, agreed to give employees of the General Radiator Division time to develop a counteroffer for the plant, which was to be sold to Long Manufacturing Ltd., Oakville, Ontario.

Long planned to close the Mount Vernon plant after moving some of the equipment from it to the Oakville plant, said David Garner, business representative for District 111 of the International Association of Machinists and Aerospace Workers.

Mr. Garner said members of IAM Local 1417 agreed to take a $3-an-hour pay cut in exchange for time to develop a plan to buy out General Radiator, which has had cumulative losses of more than $2.5 million during the past three years.

The employees are seeking $2 million from the state to set up the leveraged ESOP. Chromalloy officials have sought about $5 million for the plant, but Mr. Garner said employees believe they can negotiate a somewhat lower price. Chromalloy officials declined comment.

Employees are looking at several sources for funding the state would not cover.

The city of Mount Vernon and Jefferson County may issue industrial revenue bonds to help with the purchase, and local banks are interested in financing it, Mr. Garner said.

State Sen. William O'Daniel has introduced legislation to free up the money under the state act. There might be action on the legislation soon, Mr. Garner said.

Continued on page 70

Two plan executives join manager ranks

Two more pension fund executives have moved to the investment side of the industry.

H.J. Todhunter, for 10 years the director of pension fund investments for Kaiser Aluminum & Chemical Corp., has started a money management firm.

James A. Reavis, director of pension asset management at Nabisco Brands Inc., which was acquired this past summer by R.J. Reynolds Industries Inc., has joined Bankers Trust — Investment Management Group, New York, as a managing director.

At the same time, Steven Reynolds has joined Bankers Trust as head of the equity management group from Wertheim Asset Management Services Inc., New York, where he was executive vice president.

Todhunter/SCS Asset Management Inc., San Francisco, is affi-

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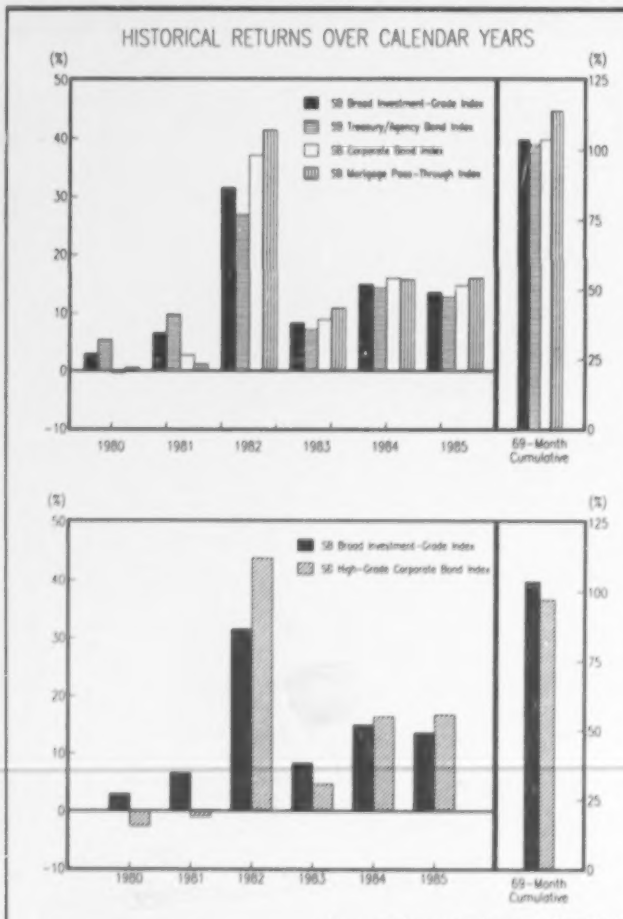
James A. Reavis

Steven Reynolds



Source: Salomon Brothers Inc., New York.

Salomon launches new index

By Richard J. Gillespie

NEW YORK — In a move that seems partially motivated by the decreasing popularity of its High-Grade Corporate Bond Index, Salomon Brothers Inc. has compiled a master index for the fixed-income markets that will compete with the Shearson Lehman Government/Corporate Bond Index.

Salomon's new index covers investments in the U.S. Treasury, federal agency, corporate and mortgage securities markets. It includes 3,787 debt issues, each priced monthly by Salomon traders.

"In every respect, the Salomon Brothers Broad Investment-Grade Bond Index is designed to provide a reliable and fair benchmark for the bond manager," said Marty Leibowitz, managing director of the firm.

Sources said Salomon's High-Grade Corporate Bond Index had fallen into disuse among bond managers because it covered issues with maturities too long (12 years or more) to be considered representative of contemporary bond portfolios, and had been shouldered out of the market by the Shearson Lehman index.

The new broad index is three subindexes pulled together; one

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PUBLIC PENSION FUNDS

Annuities used to cut plans' costs

Congress goes after bond deals

By Fred Williams

Tax reformers in Congress are trying to put the brakes on the relatively new practice of issuing tax-exempt bonds to pay off liabilities of public pension plans before it gains widespread acceptance.

Only a few localities have issued bonds and used the proceeds to purchase annuity contracts from insurance companies to provide pension benefits to retirees at a reduced overall cost.

But the staff of the House Ways and Means Committee has recommended the practice be prohibited.

Some pension experts claim the uncertainty caused by the staff recommendation has effectively ended the practice.

In the approach, governmental units issue bonds and use the proceeds to buy annuities to pay retirement benefits in pay-as-you-go pension plans. The practice slows the accelerating growth of pension costs, replacing pension payments with regular debt service payments.

The best known examples have been in Bridgeport, Conn., and Essex County, N.J. The communities have found they could save millions by using bond proceeds to buy annuities and come out ahead. The technique was said to have been used first by the Multnomah County School District near Portland, Ore.

While only a relative few have used the technique, several localities have been studying the practice and investment bankers have been promoting it to their public-sector clients.

In Massachusetts, the Legislature is considering a bill that would initiate a funding program to help reduce the estimated $9 billion unfunded liability of state and municipal pension plans.

One provision of the bill would allow the state to issue bonds and use the proceeds to purchase annuities from insurance companies to provide retirement benefits, said Carmine Elio, chairman of the Massachusetts Retirement Law Commission.

"There is legislation filed to allow the state to do it (issue pension bonds) but the longer it takes, the longer it takes to get the deal done. Every day that goes by, the chances are less of getting it done. The window will soon close," Mr. Elio said.

Officials in Michigan, California and Alaska were studying the idea, but bond experts say future instances are not an issue for now.

Jay Rising, deputy treasurer for Michigan, who was drafting a bill that would allow local governments to issue bonds to buy insurance company annuities, said the question "is almost a moot issue now."

"We haven't done much since (September). The committee recommendation meant we would have had to issue bonds before Sept. 25 (the deadline set by the Ways and Means committee staff proposal) . . . In talking with bond attorneys about how much comfort they have . . . they are uncomfortable with it right now. It's on hold for now," he said.

Charles Noona, director of municipal bond research at L.F. Rothschild, Unterberg, Towbin in New York, said since the committee staff made its recommendation the practice has dried up.

"You won't see any more until this is cleared up," he said. "They won't be selling any more bonds as long as this is hanging over them."

Mr. Noona said localities would be reluctant to issue bonds or propose a bond issue because "you wouldn't be able to get a clean legal opinion" and bond attorneys would be obligated to include the likelihood the prohibition would be enacted in their reports.

Bob Cooper, managing director for the Drexel Burnham Lambert Inc. municipal finance division in New York, said his firm had been promoting the idea to its public

Continued on page 29

States learn there's no place like home

By Trudy Ring

Targeting a portion of assets for in-state investments is gaining popularity among state pension funds.

Several state funds have started in-state investing programs in the past few years. Officials of some funds said they consider this a form of social investing, while others said they favor the investments simply because they provide a good rate of return.

Some of the state funds with such programs are those in Kansas, Ohio, Wyoming, Connecticut, California, New York, Montana, Idaho and Hawaii. Many of the programs deal with mortgages or mortgage-backed securities, but a few funds have made in-state investments in other asset classes.

The $2.2 billion Kansas Public Employees' Retirement System has made several types of in-state investments, said Marshall Crowther, executive secretary. Since about 1970, fund trustees have tried to find in-state investments that don't cut into the fund's safety or returns, he said.

Trustees try to make "investment decisions that have social consequences, but not social decisions that have investment consequences," Mr. Crowther said.

The system has invested about $200 million in the Kansas Investment Fund run by Reimer & Koger Associates Inc., Shawnee Mission, Kan. The fund includes publicly traded stocks and private placements of Kansas companies, as well as investment in leveraged buy-outs and takeovers, when these activities allow businesses to remain in Kansas.

Also, the retirement system has committed about $126 million to in-state mortgage pass-through securities and $110 million to adjustable-rate "jumbo" certificates of deposit with Kansas financial institutions. It has put another $20 million into guaranteed portions of Small Business Administration loans to Kansas businesses.

Recently, fund trustees asked their new real estate manager, J.W. O'Connor, New York, to consider Kansas investments "first among equals," Mr. Crowther said.

The Ohio Police and Firemen's Disability and Pension Board has two managers running portfolios of stocks in Ohio companies. The $1.8 billion fund has had Duff & Phelps Investment Management Co., Cleveland, and Central National Bank of Cleveland managing $5 million each in this strategy for a little more than a year, a fund official said.

These are social investments, but also prudent ones, the official said. "They've actually done better than our other investments," he said. Before going into the strategy, the fund's investment officers researched Ohio companies and found their securities had performed well, he said.

The strategy will be expanded as the fund grows, he said. Central National Bank, while running the state fund's account separately, also has a pooled fund of Ohio-based stocks. Several private pension funds have invested in the pool.

The $750 million Wyoming Retirement System has about $28 million invested in federally guaranteed loans to Wyoming businesses, said Jeffrey Gardner, deputy director.

In this program, he said, a business obtains a loan from a Wyoming bank, which then gets the loan guaranteed by the Small Business Administration or Federal Housing Administration. The pension fund buys up to 90% of the guaranteed loan, Mr. Gardner said.

The strategy has given the fund returns similar to those of the bond market, he said. The fund has been primarily in bonds and mortgage-backed securities, because it was prohibited from investing in stocks until voters approved a constitutional amendment last year. It recently hired its first equity managers (*Pensions & Investment Age*, Sept. 16).

State funds that have put assets into in-state mortgage programs generally have had

Continued on page 29

We seek "investment decisions that have social consequences, not social decisions that have investment consequences."
— M. Crowther, Kansas PERS

Social investing how-to — page 28

Funding of systems is better than expected

By Chuck Paustian

The funding levels of many state retirement systems are not in the dire straits once perceived by many industry experts.

Statistics compiled by the National Association of State Retirement Administrators, Montgomery, Ala., seem to refute the popular belief that many public retirement systems are poorly funded.

However, a comparison of the funded ratios of state retirement systems to the funded ratios of corporate pension plans shows the public systems, on aggregate, are less adequately funded than their corporate counterparts.

Meanwhile, more states are becoming aware of the funded levels of their public retirement plans and are initiating steps to improve the plans' funding status.

According to the association's 1984 survey data, 46% of the public systems reported funded ratios of 70% or better on a termination basis. In comparison, a 1984 study conducted by Hewitt Associates, Lincolnshire, Ill., showed 97% of the Fortune 500 industrials had funded ratios of 70% or better on the same basis.

In addition, the average funded ratio of the state retirement systems was 70%, compared with 126% for their corporate counterparts.

The funded ratios are derived by dividing the amount of total assets by the total accrued liabilities.

At one time, the perception that public funds were poorly funded was based in fact.

"In years past, there have been funds that haven't done very well," said LeRoy Gilbertson, deputy director of the $180 million North Dakota Public Employees' Retirement System, Bismarck.

However, little concern was raised over the low level of funding because the retirement systems were backed by their respective governments.

"In the public area, there's no concern over terminations because these are ongoing entities," said Thomas G. Brand, managing principal at A.S. Hansen Inc., Deerfield, Ill.

"There is a tendency to push (funding) out over a longer period of time," he said.

Several of the states have replaced the poor performing funds with new plans and since improved the funded levels.

North Dakota established a new defined benefit plan in 1977 and amortized the old plan's $27 million unfunded liability over 25 years. Under the new plan, the state system has a funded ratio of 99%.

Wide diversification is one of the reasons behind the North Dakota system's success.

"We have seven different managers within the equity side. We have a couple of growth managers and a couple oriented toward more conservative investments," said North Dakota's Mr. Gilbertson.

"We keep the fund well diversified in numbers so that if one (manager) has a bad time, or is out of favor, the balance can make up for it," he said.

Yet a lack of communication between the state systems and the media has continued the erroneous belief that all public funds are poorly funded, several industry sources said.

"It looks to me that of all the media attention . . . it's been given to the plans that are ill funded," said Harry M. Descoteau, executive secretary of the $711 million New Hampshire Retirement System, Concord, with a funded ratio of 122%.

Mr. Brand said the improvement in the funding of public pension plans has been a direct result of improved investment returns.

"The improvement has taken place because of the recent asset takeoff. Also, the changing marketplace has resulted in changing (actuarial) assumptions," he said.

Ben Swindle, administrative officer of the National Association of State Retirement Administrators, agreed, adding the liberalization of investment policies has helped the public funds to achieve the higher returns.

"Several states still have restrictive measures governing their investments," said Mr. Swindle. "The 'prudent man' (law) is a more liberal way of investing.

"It's been around for about 10 years and more states are going into it. No one is coming out of it."

However, Mr. Swindle said using the investments of state funds for social goals could lead to possibly lower returns.

"Anytime you put any kind of restrictive measure on the investments, and social policy is certainly an example, you restrict the type of investment vehicles you can use," thus possibly lowering returns, he said.

Hansen's Mr. Brand also said funding has improved because state legislators and public officials are becoming more aware of the funded levels of their state retirement plans.

In Illinois, for example, there are two committees — the Illinois Economic and Fiscal Commission and the Governor's Retirement Systems Task Force — that are reviewing the funding of public pension systems.

"The key to the study is let's get to the point where current generations are paying for current costs," said Gary A. Pines, actuary with Towers Perrin Forster & Crosby, Chicago, and a member of the governor's task force.

Mr. Pines said a state's credit rating can be affected by the funding

Continued on page 20

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Funding status of public plans . . .

Continued from page 19

level of its retirement system.

However, the public officials must maintain a delicate balance between fully funding the pension plans and overburdening the taxpayers.

"There's a continuing concern and look at the retirement area, but they have to run the states at the same time," said Mr. Brand.

Part of the growing awareness is a better understanding of how the pension systems operate.

"As the funds grow . . . the tendency is for the state government to say, 'Look at all this money we have here.' They don't realize the liabilities exceed the assets," Mr. Brand said. "The tendency then is to put less money in the fund."

The more liberal investment policies have allowed state pension funds to take advantage of non-traditional asset classes.

For example, the New Hampshire system can invest in almost any investment vehicle available, according to Mr. Descoteau.

"Some states were hamstrung in the investment area because they were limited to investing in bonds," he said.

Mr. Descoteau said another reason for his retirement system's high level of funding was the commitment by the Legislature to keep the plan solvent.

"Generally speaking, the contribution in-flow still exceeds the pension pay-outs," he said.

Reed Gunderson, deputy director of the $2.2 billion Utah State Retirement Systems, Salt Lake City, agreed a strong commitment from legislators helps to maintain a plan's funding level.

"Whenever there is an increase in benefits, the law requires an increase in funding," said Mr. Gunderson.

Mr. Descoteau said maintaining a close relationship between the benefits paid to retirees and the amount of assets is essential in keeping the plan well funded.

"Our benefits are not ultra-conservative, they are adequate. A lot of states made the mistake of providing liberal benefits without the appropriate funding," Mr. Descoteau said.

Hansen's Mr. Brand said he does not think federal legislation mandating adequate funding of public pension plans is very likely.

"That's been hanging over our heads for 15 years," he said.

"There has been proposed legislation a number of times," but the public funds do not appear interested, he said.

Mr. Pines at Towers Perrin Forster & Crosby also does not foresee the passage of such legislation in the near future.

"If it hasn't come about by now, unless there's some major catastrophies that will bring Congress' focus to it, I can't see it." ■

Funding of state employee pension funds

State	Funded ratio	Interest rate	Salary rate	As of
Alabama	68%	7.00%	4.05-6.66%	9/30/84
Alaska	85	8.00	7.00-8.00	6/30/83
Arizona	93	8.00	7.50	6/30/84
Arkansas	122	6.00	4.00	6/30/84
California	61	8.50	8.00	6/30/84
Colorado	74	7.00	5.50	7/1/84
Connecticut	24	6.50	5.00	6/30/84
Delaware	47	7.00	7.00-10.9	12/31/82
Florida	50	9.00	7.50	6/30/83
Georgia	47	7.00	4.50	6/30/84
Hawaii	89	7.00	5.50	6/30/83
Idaho	49	7.50	6.00	7/1/84
Illinois	51	7.50	7.50	6/30/84
Indiana	69	7.50	6.00	11/1/84
Iowa	N/A	6.50	N/A	6/30/82
Kansas	86	7.00	6.00	6/30/84
Kentucky	85	7.50	7.50	6/30/84
Louisiana	61	7.00	various	6/30/84
Maine	56	8.50	5.50	6/30/82
Maryland	38	7.00	5.00	6/30/83
Massachusetts	N/A	N/A	N/A	N/A
Michigan	87	8.00	6.50	9/30/83
Minnesota	77	5.00	3.50	6/30/84
Mississippi	68	7.50	8.00	6/30/84
Missouri	62	7.00	5.00-7.00	6/30/84
Montana	61	8.00	6.50	6/30/84
Nebraska	N/A	N/A	N/A	N/A
Nevada	56	8.00	6.50	6/30/84
New Hampshire	122	8.00	6.70	6/30/84
New Jersey	101	6.25	5.25	10/1/84
New Mexico	60	8.00	5.00	7/1/82
New York	N/A	N/A	N/A	N/A
North Carolina	78	7.50	7.50	7/1/84
North Dakota	99	7.50	6.00	6/30/84
Ohio	58	7.50	5.50	12/31/83
Oklahoma	77	7.50	6.00	6/30/84
Oregon	83	7.50	6.00	12/31/83
Pennsylvania	59	5.50	4.00	12/31/83
Rhode Island	44	6.50	3.2-4.8	6/30/84
South Carolina	87	7.00	6.00	N/A
South Dakota	83	7.00	5.50	6/30/84
Tennessee	59	7.00	6.00	7/1/84
Texas	76	9.00	7.50	9/13/84
Utah	106	7.50	5.75	12/31/83
Vermont	37	8.00	5.2-6.9	6/30/83
Virginia	31	6.50	4.50	6/30/82
Washington	77	6.50[1]	5.00[1]	1984
West Virginia	92	7.00	6.00	6/30/84
Wisconsin	67	5-7.50[2]	0.5-4.9	1/1/84
Wyoming	65	7.50	6.00	7/31/84

[1] Slightly higher rates, decreasing over time to be used until 1988

[2] 7.5% for actives; 5% for retirees

Sources: Martin E. Segal Co.; National Association of State Retirement Administrators, September 30, 1984 survey.

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Balanced managers using market timing

Manager	Total tax-exempt assets ($ millions)
Argus Investment Mgt.	40
Ariston Capital Mgt.	12
Bounty Management Corp.	32
Capital Advisors Inc.	177
Churchill Management Corp.	68
Consensus of Insiders	74
Dean Investment Assoc.	230
Financial Aims Corp.	29
First Interstate Investment Advisers	135
First Security Bank of Idaho	172
T.J. Holt & Co.	30
Interstate Asset Mgt.	13
Investors Management Services	75
Kreger Capital Mgt.	7
Leonard Management Group	1
Lesesne & Co.	35
Madison Investment Advisors Inc.	65
Maritime Asset Mgt.	74
MassCo Investment Mgt. Corp.	130
McGlinn Capital Mgt.	940
Ramsay & Ellsworth	5
Regan Money Managers	20
Retirement System for Savings Insts.	464
Simpson Capital Mgt.	6
Trident Investment Mgt.	434
Unity Management	312

Managers put market timing in use

About 23.6%, or 26 of 110, of balanced managers surveyed by *Pensions & Investment Age* list market timing as part of their investment approach.

Managers using market timing shift assets among stocks, bonds and cash equivalents depending on their view of the market direction. Managers may hold positions anywhere between 100% equity and 100% cash.

Almost all balanced managers citing market timing have less than $500 million under management.

What follows is a list of those managers. The figures given are total tax-exempt assets under their management. Information was compiled from questionnaires submitted by the managers for *P&I Age's* May 6 special issue on the nation's leading investment advisers.

Toledo Trustcorp reorganizes divisions

TOLEDO, Ohio — Toledo Trustcorp Inc. has reorganized three internal divisions, including trust administration operations.

The reorganization is designed to decentralize operations from metropolitan Toledo and provide more control and support functions at community offices in northwest Ohio, according to George W. Haigh, chairman, president and chief executive officer.

The plan also allows the corporation to share support services among its seven regions and its various banking affiliates, including First Buckeye Bank, Mansfield, and Trustcorp Co., Columbus.

The acquisitions of Society National Bank of Northwest Ohio and Society National Bank of Mid-Ohio will add 18 offices.

In the trust division, Jerome J. Robison is senior vice president of trust for the metropolitan division; Michael E. Judge, James E. Lupe and Gerald W. Miller are vice presidents of trust administration.

Allan J. Brogan has been promoted to senior vice president of trust for all regional divisions. David A. Judy has been named vice president of regional offices, administration and new business.

In the legal department, David A. Snavely has been promoted to senior vice president of legal and corporate trust; Dean Fisher is vice president of corporate trusteeships and stock transfers and sales; and Julie Higgins is employee benefits plan officer. ■

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(Statistical Release H.15 Week Ended 10/4/85)

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Manager	Total tax-exempt assets ($ millions)
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Balch Hardy & Scheinman	780
Chase Investors Mgt.	13,000
The Chicago Corp.	330
Continental Assurance Co.	2,320
First Interstate Bank of Oregon	765
First National Bank of Atlanta	2,900
Great-West Life Assurance Co.	5,856
Harris Trust & Savings Bank	8,885
Mellon Capital Mgt. Corp.	2,900
Metropolitan Life Insurance Co.	30,546
The Northern Trust Co.	6,765
Pension Portfolio Advisors	10
Prudential Asset Mgt.	34,189
Simmons Financial Mgt. Inc.	0
Somerset Trust Co.	10
State Street Bank & Trust Co.	9,450
Tenneco Asset Mgt.	775
United Trust Fund	0
Wells Fargo Investment Advisors	14,097
Wilshire Associates	1,531
Wright Investors' Service	1,800

Few choose passive path

About 4%, or 22 of 552, of equity managers surveyed by *Pensions & Investment Age* list passive management as part of their strategy.

Passive equity managers generally invest assets in an index fund — most often the Standard & Poor's 500 stock index — set up to mirror the market. Their goal is to at least match the market's returns.

Some will tailor their passive portfolios to meet other objectives, e.g. avoidance of certain stocks.

Most of the passive equity managers have billions of dollars of tax-exempt assets under management.

What follows is a list of those managers. The amounts given are total tax-exempt assets under their management. Information was compiled from questionnaires submitted by the managers for *P&I Age's* May 6 special issue on the nation's leading investment advisers.

Multiemployer plan funding stays steady

The funding of multiemployer pension plans is holding steady, a new survey shows.

Seventy-three percent of 483 multiemployer pension plans surveyed by New York benefit consultant Martin E. Segal Co. were fully funded for their vested benefits, down just slightly from 75% in 1984, but up from 66% in 1983.

The average surveyed plan was 94% funded for vested benefits, unchanged from the previous year and up from 90% in 1983.

Three percent of the plans were less than 50% funded for their vested benefits, the same percentage as in 1984 and down from 5% in 1983.

The funding status of multiemployer pension plans is of importance to employers because companies that leave underfunded plans can be hit with big financial penalties.

Under the Multiemployer Pension Plan Amendments Act of 1980, an employer that leaves a multiemployer plan is responsible for paying a share of the promised, but unfunded benefits.

The size of unfunded liabilities in a multiemployer plan can be significant, and some employers leaving multiemployer plans later received withdrawal liability claims from plan administrators that exceeded their net worth.

As multiemployer plan funding improves, the likelihood that a company will have to pay a big withdrawal liability claim when it leaves a plan should decrease.

Segal surveyed 483, or 25.1%, of the nation's 1,924 multiemployer plans to measure their funding status. The surveyed plans, all Segal clients, range in size from less than $1 million in assets to more than $100 million in assets.

Several well-known plans, like the Teamsters, Central States, Southeast and Southwest Areas Pension Fund, with multibillion-dollar unfunded liabilities, are not included.

Fourteen plans in the survey were less than 50% funded.

While those poorly funded plans are not identified, the survey notes that plans in declining industries, such as retail milk or bakery delivery, have higher-than-average ratios of liabilities to assets.

In declining industries, there are fewer employers joining multiemployer plans to replace defunct companies. Thus, the burden of paying benefits for a growing number of retirees falls on a smaller number of employers.

Smaller plans tend to be better funded than the larger ones, the survey found.

Eighty, or 84.2%, of the 95 plans with fewer than 500 participants were fully funded, while 68, or 82.9%, of the 82 plans with 500 to 1,000 participants had enough assets to pay vested benefits. ■

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